Weekend FT

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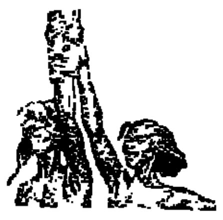

How Russia lost its soul to vodka

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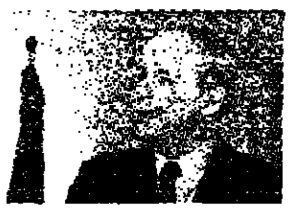

Raymond Seitz, US ambassador to Britain, on the 'special relationship'

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The 'good cop' shaking Italy from top to bottom

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FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND MARCH 6/MARCH 7 1993 — D8523A

Italian cabinet moves to limit corruption fall-out

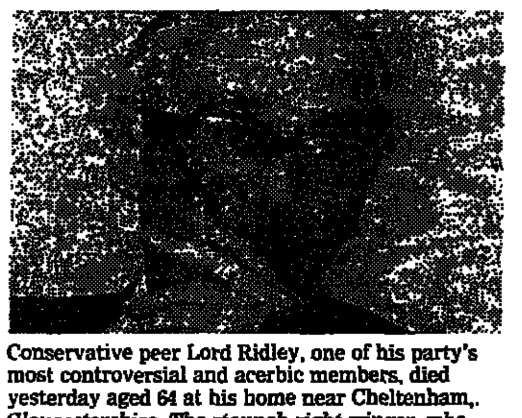
The cabinet of Italian prime minister Giuliano Amato last night approved measures to limit the damage caused by a political corruption and bribery scandal which is tearing the country apart. Ignoring opposition protests that it was granting an amnesty, the cabinet backed a package changing the rules on party funding and offering leniency to corrupt politicians who confess, return bribes and leave office.

Deutsche Bank, Germany's biggest bank, is buying Banco de Madrid from Banesto, Spain's third-largest banking group, for Pta42bn ($357m) The move will double Deutsche Bank's share of the Spanish banking market to 2 per cent, the largest of any foreign bank. Page 12

Serbia sanctions move: The US and its allies are preparing to tighten sanctions against Serbia and are looking for other ways to end the Bosnia conflict, president Bill Clinton said. Page 2

Irish olive branch: Dublin yesterday shifted its ground on Northern Ireland, saying that Ireland's constitutional claim to the province was not "cast in bronze, incapable of change." Irish foreign affairs minister Dick Spring urged Unionist parties to return to negotiations. Page 24

Right-wing rebel Lord Ridley dies aged 64



Conservative peer Lord Ridley, one of his party's most controversial and acerbic members, died yesterday aged 64 at his home near Cheltenham,. Gloucestershire. The staunch right-winger, who acknowledged "I smoke hard," had been ill for some months. But weakness did not prevent his speaking in the House of Lords as recently as last month in a last denunciation of the Maastricht Treaty which he bitterly opposed. He had been a secretary of state for transport, environment, and trade and industry as well as a confidant of Mrs Margaret Thatcher. **Obituary, Page 4**

Skopje air crash: Seventy-five people were feared killed when a recently-built Fokker 100 airliner with about 97 people on board plunged to the ground moments after take-off from Skopje, capital of Macedonia. The Fokker, leased only a month ago, was bound for Zürich, Switzerland.

Cookson confirms rights: Shares in Cookson Group fell by 14p to 199p after the UK industrial materials company confirmed it was raising £185.6m through a one-for-four rights issue. **Page 10; Lex, Page 24; London stocks, Page 15**

Banque Nationale de Paris, the big French state-controlled bank, disclosed an unexpectedly steep fell in estimated annual net profits. BNP blamed heavy provisions on property and industrial interests for its 28 per cent drop to FFr2.1bn ($370m) Page 12

Delay boosts Hong Kong: Hong Kong stocks reached record highs after governor Chris Patten again delayed publication of a bill on democratic reform. The rise reflected hopes that Britain and China will soon resume talks after Chinese anger at the reform proposals led to their suspension. **World stock markets, Page 21**

Iranian seeks UK imports curb: Senior Iranian cleric Ayatollah Ahmad Jannati urged parliament to consider cutting British imports in retaliation for "mischief" over the Salman Rushdie affair. **Page 3**

Russian venture: British tobacco company Rothmans International announced a joint venture with a private Russian tobacco concern to start making cigarettes in St. Petersburg from mid-1995. Rothmans will invest £55m in the venture. **Page 24**

Ozone low: Ozone levels have hit an all-time low over much of North America and Europe in recent weeks, according to a report by the UN World Meteorological Organisation.

■ STOCK MARKET INDICES		
FT-SE 100:	2922.1	(+17.3)
Yield	4.12	
FT-SE Eurotrack 100	1158.78	(+3.55)
FT-A All-Share	1424.13	(0.6%)
Nikkei	16,817.78	(+58.09)
New York: lunchtime		
Dow Jones Ind Ave	3432.41	(+33.50)
S&P Composite	449.54	(+2.20)
■ US LUNCHTIME RATES		
Federal Funds:	3 1/16 %	
3-mo Treas Bills: Yld	2.954%	
Long Bond	104 2/32	
Yield	6.788%	
■ LONDON MONEY		
3-mo Interbank	6%	(6 1/8 %)
Liffe long gilt future: Mar 106 1/32		(Mar105 13/32)
■ NORTH SEA OIL (Argus)		
Brent 15-day (April)	$18.475	(19.435)
■ Gold		
New York Comex(April)	$330.4	(329.6)
London	$329.95	(328.25)

■ STERLING		
New York lunchtime:		
$	1.449	
London:		
$	1.446	(1.454)
DM	2.41	(2.3775)
FFr	8.1725	(8.08)
SFr	2.236	(2.2075)
Y	170.25	(169.75)
£ Index	77.9	(77.3)
■ DOLLAR		
New York lunchtime:		
DM	1.6655	
FFr	5.6465	
SFr	1.542	
Y	117.6	
London:		
DM	1.667	(1.6355)
FFr	5.6525	(5.5575)
SFr	1.546	(1.5175)
Y	117.65	(116.75)
$ Index	66.5	(65.9)
Tokyo close Y 116.47		

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UK equities rise to record highs ■ US shows fresh signs of recovery

German rate cut lifts markets

By James Blitz in London and Christopher Parkes in Frankfurt

LEADING financial markets *around the world gathered* strength yesterday after the Bundesbank unexpectedly eased German monetary policy and the *US economy showed new signs of* maintaining its recovery from recession.

British equities rose to new record highs while sterling and the dollar forged ahead after a clear signal that the Bundesbank was committed to gradual reductions in its interest rates and news of better-than-expected job creation in the US.

Less than 24 hours after it disappointed financial markets by leaving its discount and Lombard rates unchanged, the German *central bank cut the rate at* which it offers wholesale funds to the country's banking system by just under a quarter of a percentage point.

The cut in the securities repurchase – or repo – rate to 8.25 per cent from 8.49 per cent was widely seen as signalling a reduction in the discount and Lombard rates from 8 and 9 per cent *respectively when the Bundes*bank's central council next meets on March 18.

British officials said the German cut did not pave the way for a further easing in UK monetary policy, but the move triggered rises on the UK equity and bond markets. Prices also jumped in many, but not all, continental European centres.

In London, the FT-SE 100 index closed at a new high of 2,922.1, up 17.3 points on the day. Gilts of all maturities also rose with the benchmark 9 per cent gilt due in 2008 rising by 3/32 points.

Dutch, French and Belgian share markets also gained while share markets in Frankfurt and Zurich closed down slightly.

On foreign exchange markets, *sterling rose by more than 3 pfen*nigs against the D-Mark to close in London at DM2.41. Boosted by the US employment figures, the *dollar rose more than 3 pfennigs,* closing at DM1.6670 in London.

The German rate cut was a response mainly to domestic conditions. Growth in inflation, wages and money supply have moderated recently, while a spreading domestic recession also influenced the central bank's decisions. Yesterday's changes coincided with the announcement of a further sharp rise in German unemployment to almost 3.5m and a surge of about 200,000 in the number of people working *short time.*

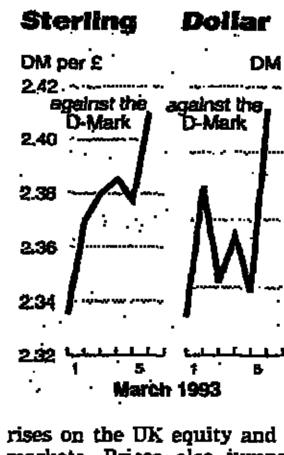
Mr Johann Gaddum, a member of the Bundesbank's directorate, said current domestic economic data indicated that rates should be reduced in small steps.

He immediately attempted to dampen speculation about the next move. There was no more room for manoeuvre at present, he said on German television, *and no one should count on an* automatic cut in the discount and Lombard rates at the next council meeting. But Mr Hilmar Kopper, head of Deutsche Bank, said borrowing costs were on the way down, "and will fall faster than some believe".

While most economists believe the discount and Lombard rates will fall to 6 per cent and 7 per cent respectively by the end of the year, prospects for early changes to official rates depend on the outcome of talks between Bonn and the 16 state governments on public spending cuts. Chancellor Helmut Kohl has called a meeting with regional *leaders for March 11.*

Mr Günter Rexrodt, Germany's new economics minister, yesterday stood by official forecasts that the economy will stagnate this year and start to recover in early 1994 at the latest.

Sterling **Dollar**



Government onslaught on Euro-sceptics

By Philip Stephens, Political Editor

MR JOHN MAJOR'S senior colleagues last night launched a concerted onslaught on the Conservative Party's Euro-sceptics as the prime minister sought to *foreshadow a decisive revival* in his government's battered political fortunes.

The attempt at the Conservatives' spring conference in Harrogate to isolate opponents of the Maastricht treaty was led by Mr Douglas Hurd, foreign secretary, and Sir Norman Fowler, party chairman. It coincided with a similarly orchestrated effort by *ministers to convince a wider UK* audience that the economy is emerging from recession.

That will be followed later today by an upbeat speech by Mr Major himself in which he will claim that the economy of the UK – and its government – are now turning the corner.

Underlining the government's intention to speed up the Maas*tricht ratification process*, Mr Hurd said that as long as the debate over the treaty continued the Conservatives were left "divided" and Britain was "unable to pull its weight".

Voicing weariness with the protracted debate at Westminster, Mr Hurd said: "It's in the national interest that we ratify the treaty. Let's get on with it."

He warned that if the trench warfare in the House of Commons was allowed to derail the treaty, British ministers would be reduced to "bit-part players" in deliberations on the future of Europe.

Economic recovery in Britain would be jeopardised as its European partners pushed ahead without restraint with their plans *for a single currency.*

As Mr Kenneth Clarke, home secretary, and Mr Michael Heseltine, trade and industry secretary, picked up the same themes, Mr Hurd confirmed that the government had decided to complete the ratification process before the parliamentary recess

Continued on Page 24

Party plays loyalty card, Page 6

On the attack: Sir Norman Fowler, Tory party chairman, yesterday demanded loyalty both to the government's European policy and to Mr Major personally. He said party unity could not be regarded as an "optional extra" by Tory MPs

Russian parliament ready for showdown with Yeltsin

By Leyla Boulton and Dmitry Volkov in Moscow

THE RUSSIAN parliament yesterday set the stage for a showdown with President Boris Yeltsin over who holds power in Russia.

The parliament rejected Mr Yeltsin's proposals for a constitutional truce between itself and the executive and voted to con*vene an emergency session of the* Congress of People's Deputies, or supreme legislature, next Wednesday.

The move came amid signs that the Congress, which meets only occasionally, would also seek to cancel a referendum on power-sharing, to which it agreed in December.

By blocking Mr Yeltsin's efforts *to reduce the bloated legislature* inherited from Soviet days, either through constitutional change or by referendum, the parliament will leave him with little choice but to call a personal plebiscite seeking the support of the Russian people *for radical reforms.*

Such a move would be without the backing of the Congress.

The parliament yesterday agreed that the Congress would discuss the referendum, which could mean either that it determines what questions are asked, or more likely, that it decides to *cancel it.*

The president's lawyers, meanwhile, appeared to be preparing the way for the president to hold *a plebiscite without consulting* Congress.

They warned deputies that they would lose their legal right *to any say over the referendum if* they reneged on their December vote to hold one.

Mr Vladimir Shumeiko, first deputy prime minister, told deputies earlier that Mr Yeltsin's proposals for a constitutional truce were *not final – the issue was* whether they wanted an agreement at all. The answer that came from parliament was a resounding No.

Mr Shumeiko also told the parliament that Mr Yeltsin wanted *the referendum to ask three ques*tions, touching on three main issues:

● Should there be private ownership of land?

● Should a new constitution be adopted by a constituent assembly (as opposed to the existing Congress)?

● Should the highest branch of legislative power be a two-chamber Legislative Assembly? The question implicitly asks Russians *to strip parliament of this role.*

With some regions threatening not to hold a referendum, a vote would be a high-risk gamble for Mr Yeltsin. But he may have no other way to try to save radical reforms and his own credibility.

As well as asking parliament to stick to legislative functions, Mr Yeltsin has proposed that the central bank and the state statis*tics committee be transferred* from parliamentary to government control.

He also wants an end to tinkering with the existing Soviet-era constitution until a constituent assembly approves a new constitution.

Congdon attacks wisdom of fellow 'wise men'

By Peter Marsh, Economics Correspondent

THE authority of the UK government's new panel of economic advisers has been thrown into doubt by a blistering attack by Professor Tim Congdon, a member of the group, on the intellectual capabilities of his fellow members.

In an open letter to the other six members of the panel, Prof *Congdon says his colleagues are* "like literary critics who read prose but never look at poetry, or mathematicians who understand *arithmetic but are bewildered by* algebra".

The letter, to be published next week, says his fellow panellists' lack of understanding of economic theory led them mistakenly to advise the Treasury two weeks ago against a tax rise in the March 16 Budget.

Prof Congdon, alone of the group, wants a £12bn tax increase *in 1993-94 to curb the growing* fiscal deficit. A leading monetarist, he is an adviser at Gerrard & National, the City discount house, and a part-time professor at Cardiff Business School.

In the 12-page letter to be published in Gerrard & National's monthly economic review, he suggests that in adhering to the general theories of the UK eco*nomics community his fellow* panellists have been "grossly incompetent" in failing to take adequate account of money balances.

His caustic lack of regard for his fellow panellists – who he believes should go back to examining basic economic textbooks – is likely to put a question mark over the group's future *deliberations.*

Professor Wynne Godley of Cambridge University, another panel member, said Prof Congdon's view that he did not pay attention to money was "crazy and possibly libellous".

Mr Andrew Sentance, economics director at the Confederation of British Industry, and another panel member, said the remarks by Prof Congdon were "unhelpful". The Treasury played down the argument, saying the panel

Continued on Page 24

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Austria Sch30; Bahrain Din1.250; Bermuda $1.65; Belgium BFr60; China Fec 13.0; Canada C$1 40; Cyprus C£1 00; Czech Rep Kcs45; Denmark DKr15 00; Egypt E£4.50;Finland Fmk12; France FFr8.50; Germany DM3.30; Greece Dr300; Hong Kong HK$16; Hungary Ft172; Iceland IKR180; India Rup40;Indonesia Rp3,800; Israel NS5.90; Italy L2700; Japan Y500; Jordan JD1.50; Korea Won 2500; Kuwait Fils 600;Lebanon $US1.25; Luxembourg LFr60; Malaysia Rin4 50; Malta Lm0.60; Morocco Dh13.00; Nigeria Naira25.00; Netherlands Fl3 75; Norway Nkr16.00; Oman OR1.50; Pakistan Rs35; Philippines Pso 45; Poland Zl 22,000; Portugal Esc216; Qatar QR12.00; S Arabia Rls11 00; Singapore S$4.10; Slovak Rep Kcs45; Spain Pta200; Sri Lanka Rup30; Sweden SKr15.00; Switzerland SFr3.20;Taiwan NT$86, Thailand Bht50; Tunisia Din1.250; Turkey L7000; UAE Dh11.00; USA $1 25 (Alaska & Hawaii $1 75)

 No 32,006 Week No 9 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Almost 3.5m out of work in Germany

By Christopher Parkes in Frankfurt

RECESSION and harsh winter weather drove German unemployment up to almost 3.5m last month. An increase of 42,000 in the west was partly offset by a 10,000 drop in the east, but short-time working increased by 200,000 to almost 1.25m.

Meanwhile, the Bayer chemicals group unveiled plans to put 3,000 people on short time, and Porsche, the sports car maker, confirmed the loss of a further 1,800 jobs during the course of this year.

The rise in unemployment, taking the rate to 7.5 per cent in the west and 14.5 per cent in the east, is expected to continue for at least another year. According to new Deutsche Bank forecasts, the total will hit 4m in early 1994.

Yesterday's news was accompanied by further evidence of the rapid advance of recession into manufacturing. In Baden-Württemberg, home state to Daimler-Benz and Porsche, industrial output during January was 22 per cent lower than a year earlier.

This compared with an average fall of 13 per cent in other Länder (states), the regional government said. Output from the motor industry, hit especially hard by short-time working, fell more than 50 per cent.

Turnover in the west's wholesale trade slumped a real 12 per cent in January, the federal statistics office said. No breakdown of the figure was available, although analysts said the drop was caused partly by a shopping boom late last year in advance of an increase in value added tax on January 1.

● Mr Johann Eekhoff, a top Economics Ministry official, said wage increases should be held below the rate of growth in productivity for an "extended period". The labour market had to undergo a "massive structural change", he said.

In addition to those unemployed and working short time, a further 300,000 east Germans were being kept off the jobless register in government-subsidised work creation programmes. He also complained that large numbers of people were employed in uneconomic state-subsidised industries.

Bundesbank policymakers are back in driving seat

They may now use repo operations more often to steer money market rates downwards, writes Christopher Parkes

IT WAS a slice of salami, a step in the right direction, a signal, a carrot, and most of all another surprise. Economists and sundry commentators trawled the thesaurus for suitable reactions yesterday after the Bundesbank gave German interest rates a further downwards prod.

The cut of almost a quarter point in rates for next week's securities repurchase deals was all of these. Even though Mr Johann Gaddum, a directorate member, was wheeled out later to announce that the change was not to be seen as an indicator that the discount and Lombard rates would fall at the next council meeting on March 18, no-one was in a mood to believe him.

The cut in the repo rate to within 0.25 points of the 8 per cent discount rate – the official floor level – was read as the second signal in a month that official short-term rates are on a downward slope. "We are on the way from point A to point B. It is now a question of how we get there and how quickly," said Mr Richard Reid, chief economist at the Union Bank of Switzerland in Frankfurt.

But Mr Gaddum's argument that current data suggested a need for "small steps" was widely accepted, at least until progress is made on budget consolidation and the French elections are out of the way. "Then the dancing can really begin," suggested Mr Adolf Rosenstock, chief economist at the local office of the Industrial Bank of Japan.

The Bundesbank's latest move was also seen as a sign that its policymakers have regained control of their strategy and tactics after disturbances in the European exchange rate mechanism forced a hasty cut in official rates at their early February meeting. If there are no more ERM upsets – a tricky scenario in the light of the impending French elections – the Bundesbank can be expected to continue using its "repo operations" to steer money market rates downwards and cutting official rates as they fall.

Yesterday's manoeuvre also underlined a point which Mr Schlesinger has been trying to make for some months, that the repo instrument is not only a more flexible tool than the official rates, it is a more important indicator. As Mr Hermann Remsperger, chief economist at the BHF bank noted, yesterday's cut was nothing less than a "reduction in leading rates".

According to Mr Rosenstock, the central council, which includes the heads of the regional central banks, had now stopped its internal squabbling. The February reductions in official rates had harmed the bank's credibility, but now a consensus appeared to have been reached. "They are singing with one voice like a choir," he added. "At least there are not so many soloists." A sudden and marked reduction in the number of speeches and lectures delivered by individual members tends to support this view.

While international pressure for rate cuts in the interests of protecting the ERM and easing the climb out of recession has been uncomfortable, the greatest source of tension among council members has probably been Germany's own economic plunge. Regional representatives have been trailing into Frankfurt every fortnight with ever grimmer tales of economic woe. A 22 per cent slump in January's industrial output in Baden-Württemberg, reported yesterday, was only the latest example.

But they seem to have been convinced that regional and national interests are best served in the long run if the bank keeps its deliberations focused on its main responsibilities, D-Mark stability and control of inflation, and returns to its traditionally cautious tactics.

Pressure for rate cuts from within the federal government has been effectively diverted back to Bonn, which now holds the key to the extent and timing of the next discount and Lombard changes. Fading money supply growth, sub-inflation wage deals and a just-discernible downward shift in prices meet some of the criteria for cuts, but Chancellor Helmut Kohl has still to convince the Bundesbank that public spending and deficits will be reined in effectively.

Mr Kohl meets negotiators from the 16 Länder (states) on March 11 for up to three days of key talks on his solidarity pact for funding revival in the east. According to Mr Rosenstock, a comprehensive deal to complete the chancellor's solidarity package would be a great surprise. "But if they get half way to a reasonable agreement, March 18 could be the day."

However, as the Bundesbank council showed this week when it sprang its surprise package a day after its routine meeting, the last thing it wants is for its agenda to be set either by the markets or by the media, or for its decisions to become wholly predictable.

Employment in the US surges ahead

By Michael Prowse in Washington

THE US economy created more than a third of a million jobs between January and February, the biggest increase in four years and a sign that employers are finally gaining sufficient confidence to hire more workers.

The unemployment rate, however, declined only 0.1 percentage points to 7.0 per cent, reflecting a large increase in the labour force last month.

President Bill Clinton yesterday welcomed the figures but warned that there remained "stark challenges ahead". He indicated that the administration remained committed to its \$30bn (£21bn) short-term fiscal stimulus, saying that it would would create 700,000 jobs this summer and send a "profoundly important signal" to the American people. Ms Dee Dee Myers, the White House press secretary, said: "We're shooting for full employment."

The surge in employment far exceeded expectations on Wall Street, where most analysts had projected a gain of little more than 100,000 jobs. The dollar rose sharply in early trading to stand at DM1.6675 by midday. The Dow Jones Industrial Average rose 15.94 to 3414.85.

Non-farm payroll employment rose 365,000 to 109.2m in February, the first month that the economy has generated jobs in the numbers normally expected in a recovery from recession. However, figures for January were revised down to show a gain of only 44,000 against an initial estimate of 106,000.

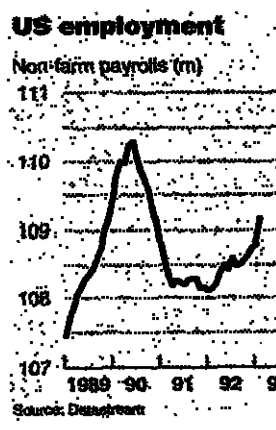
Two thirds of last month's increase was in service industries, with retail employment rising 131,000 to 19.3m, the biggest gain in five years. Construction employment rose 96,000 to 4.6m, reversing small declines in recent months.

Manufacturing employment was flat at 18.1m. However, the Labor Department reported an increase in factory hours to the highest level since 1966. Overtime hours are at the highest level on record, suggesting that manufacturers will soon have to hire more workers.

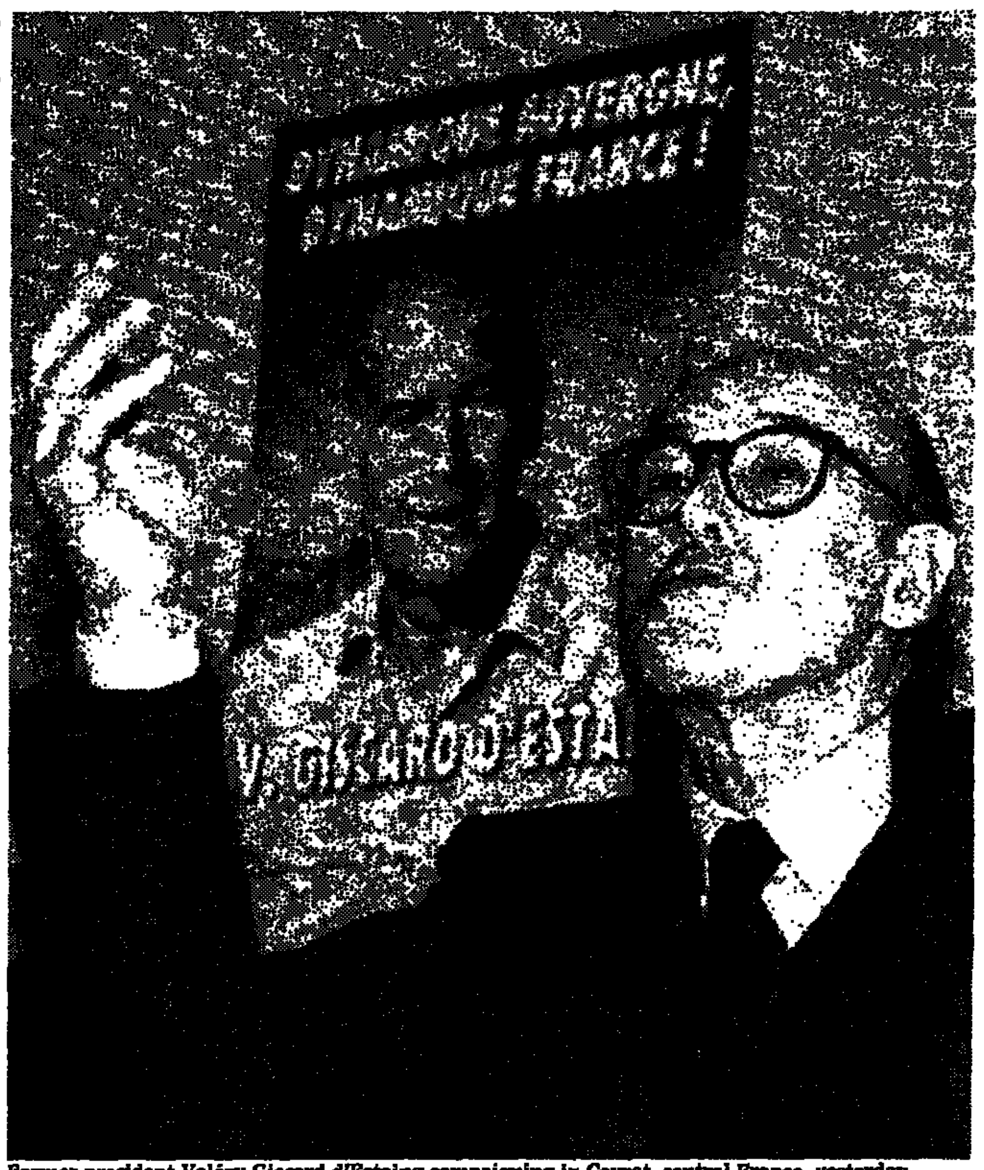
Mr Robert Reich, the secretary of labour, questioned the quality of the employment gain, noting that a large proportion of the new jobs were part-time. The jobless rate, while well below last year's peak of 7.7 per cent, was still higher than at the end of the recession nearly two years ago.

Mr John Lipsky, chief economist at Salomon Brothers, the Wall Street securities house, said the figures pointed to "sturdy and self-sustaining" growth and undermined fears that the economy was running into a stall after robust growth in the fourth quarter.

The consensus view is that the economy will expand at an annual rate of about 3 per cent this quarter, down from nearly 5 per cent in the final quarter of last year but in line with White House projections.



Rocard's big bang hardly ruffles polls



Former president Valéry Giscard d'Estaing campaigning in Ceyrat, central France, yesterday

By William Dawkins in Paris

FRANCE'S unpopular ruling Socialist Party has recovered fractionally, according to the latest opinion poll, but still faces heavy defeat in the elections in two weeks' time.

The poll, for Le Nouvel Observateur magazine, puts the Socialists up one point over the past month at 21 per cent. It attributes this to the impact of former French prime minister Michel Rocard's call for a political "big bang" to form a new grouping of human rights supporters, moderates and ecologists.

This small shift has a bigger effect on parliamentary seats, because of the France's first past-the-post constituency voting system. So the Socialists now stand to win 122 seats in the 577-seat national assembly, up from 40 in last month's Sofres poll and down from 247 now. Overall, the poll gives the opposition alliance of Gaullist RPR and centre right UDF between 396 and 423 parliamentary seats.

The poll puts the UDF and RPR neck and neck, with 19 per cent of the vote each, thanks to a slight loss in RPR popularity and a small gain by the UDF. This throws fresh uncertainty over the identity of the next prime minister, who until recently seemed more likely to be a Gaullist rather than UDF member. The final choice rests with President François Mitterrand, who traditionally picks the prime minister from the majority grouping, though the constitution sets no formal limit on his choice.

HK laws wait on Chinese talks again

By Simon Holberton in Hong Kong

BRITAIN and China have agreed the principles for talks about Hong Kong's political future but there remain a "few points of disagreement", Mr Chris Patten, Hong Kong's governor, told the colony's legislature yesterday.

Mr Patten told the 60-strong Legislative Council (LegCo) that he had decided to defer the introduction of his legislation – which provides for a more democratic electoral system in Hong Kong – for a fourth time in an effort to secure "productive talks" with the Chinese government.

He said that the community would expect him to go "the extra mile" if, by so doing, he helped ensure the talks proceeded.

But Mr Patten said that he could not defer his legislation indefinitely.

His address, which had been billed as an attempt to rebuild support among his followers, did little to quell their disquiet about the course of action he has decided upon.

Mr Martin Lee, leader of the United Democrats, the main group of elected politicians in LegCo, said the governor had failed to say when his legislation would be tabled.

In a swipe at Mr Patten, he said "the general impression is that the governor will do his best to defer". As for the prospect of negotiations, Mr Lee added: "The track record of the British negotiating team is not very encouraging; every time they sit down with the Chinese government they end up on their knees."

The sticking points to talks are China's objection to Hong Kong government officials as part of the UK negotiating team. China also wants to keep the timetable for talks secret.

The British government does not recognise China's right to dictate whom it can field in negotiations with Beijing. It seems unlikely that talks could proceed without China's withdrawal of these preconditions.

Mr Patten went out of his way to appear cautious on the prospect of talks. He underlined the difficulty of the task facing Britain and China if the two sides do agree to negotiations. He said he hoped they would produce a result which met his principles of being "open, fair and acceptable" to the people of Hong Kong.

"But," he said, "these are very difficult matters... and I hope that we can approach them in a spirit of realism."

Although the government expects China to agree to talks, it has not been encouraged by China's attitude to date. The government appears prepared to break off negotiations if they believe Beijing is simply stalling.

Levels of ozone hit record low

By Frances Williams in Geneva

OZONE levels over much of Europe and North America were the lowest on record last month, falling more than a fifth below normal, and have been persistently below normal this winter.

Revealing the figures yesterday, the World Meteorological Organisation said possible causes were the continuing release of ozone-destroying chemicals into the earth's atmosphere and winter weather conditions which have pushed ozone-poor air north from the sub-tropical Atlantic.

High-level ozone filters harmful ultra-violet rays from the sun, which can damage plant, marine and animal life and cause skin cancers and cataracts in humans.

The UN agency stressed that the northern hemisphere was not experiencing massive ozone destruction of the kind that has produced an ozone "hole" over the Antarctic. It said there was no need for special precautions against extra ultra-violet radiation, since little reached the earth's surface in winter. The periods of low ozone were short, the sun was low in the sky and the weather was often cloudy.

Czechs impose stiffer rules for new banks

By Anthony Robinson and Patrick Blum in Prague

THE CZECH National Bank has introduced tougher requirements for banks wishing to set up in the Czech Republic. Banks will now have to deposit 300m crowns (£7m) with the central bank before starting up, Mr Josef Tosovsky, bank governor, said yesterday. Until now, foreign and local banks were required to place only a third of the deposit with the central bank on start-up.

Over the last three years, the number of banks with a full banking licence in the Czech republic has risen from seven to 48, including six foreign-owned banks. Such rapid expansion has imposed a heavy strain on the limited availability of experienced bank staff and led to widespread staff poaching.

Meanwhile, the Czech authorities are preparing a small revaluation of the Czech crown against the Ecu-denominated clearing account set up to regulate trade between the Czech and Slovak republics.

Since the former joint currency split into separate Czech and Slovak crowns last month the Slovak authorities have made three small devaluations totalling 5 per cent against the clearing-Ecu. The latest Czech move is expected to raise the effective overall devaluation of the Slovak crown in bilateral trade with the Czech Republic to 7 per cent.

Tokyo hit by trade policy wrangle

By Charles Leadbeater in Tokyo

AN intense bureaucratic fight is under way in Tokyo over Japan's trade policy and the extent to which the economy should be stimulated to increase demand for imports.

This comes as Japan's current account surplus rose 82.9 per cent in January from the year before to \$5.21bn. The figures, published yesterday, will intensify pressure on Japan to boost its domestic economy to cut its trade surplus.

The steep rise in the surplus comes as Tokyo is attempting to formulate its trade policy towards the US before Mr Kiichi Miyazawa, the prime minister, visits Washington next month.

The surplus is likely to expand further before Mr Miyazawa's visit as the US economy sucks in Japanese exports and the yen's recent appreciation against the dollar boosts their value in dollar terms. The dollar closed at an all-time low in Tokyo yesterday of Y116.47.

A Ministry of International Trade and Industry survey published yesterday found that 84 per cent of major companies were being hit by the yen's appreciation, while 60 per cent said they would have to take streamlining measures if the yen continued to rise in the next few weeks.

Unadjusted, January's trade surplus, which excludes services, expanded by 18 per cent to \$7.03bn, mainly because modest growth in exports was combined with the continuing slump in Japanese demand for imports.

Exports in January rose to \$23.67bn from \$23.39bn a year before, while imports dropped to \$16.64bn from \$17.43bn.

The January figures mean that the aggregate current account surplus in the first 10 months of the fiscal year ending this March stands at \$95.44bn, already more than the record surplus of \$94.1bn recorded in 1986.

The aggregate trade surplus for the first 10 months of the financial year was \$108.27bn, a 22.6 per cent rise on the same period last year.

Companies cut back on recruitment

By Michiyo Nakamoto in Tokyo

JAPANESE companies are scaling back recruitment in an attempt to cut costs and adjust to leaner times.

Japan Air Lines yesterday said it would defer hiring 375 stewardesses for five months. Seibu Department Store, a leading retailer, plans to halve its recruiting next year from about 439 in fiscal 1993. Toyota, the leading car maker, has for the first time in five years stopped hiring full- time production workers outside the usual recruiting period.

There is growing public and government concern about the cancellations and their effect on society. The Ministry of Labour said this week it would propose amending part of the Employment Security Law to require companies planning to cancel promised employment to graduates to notify public job security agencies and school authorities. The companies themselves would be publicly identified.

Fourteen companies have so far cancelled the hiring of 211 graduates who had been told that they would be hired from April. Japanese law has no provision for punishing violators of the gentleman's agreement known as *naitei*, by which graduates are promised employment at companies and are themselves more or less committed to that promise.

The ministry hopes to introduce its new measure by the end of the month after receiving a report from its advisory council. Japanese companies are reluctant to make employees redundant, as such moves are frowned upon by society, and cancelling recruitment plans is one of the few options available to them to cut employment costs.

However, the government has become concerned about the social impact of such moves, and the ministry has publicly asked corporations not to cut their workforces drastically in an attempt to cut costs.

JAL said that it had decided to postpone hiring the stewardesses because the number of flights it will have during the period will be less than planned as a result its restructuring programme.

By September, the airline says, it should be able to hire new recruits as other stewardesses retire.

Clinton talks of tighter sanctions as peace hopes fade

By Robert Mauthner in London, Michael Littlejohns in New York and Laura Silber in Belgrade

THE US and its allies are preparing to tighten sanctions against Serbia and looking for other ways to end the conflict in Bosnia, President Bill Clinton said yesterday. He spoke as hopes of a breakthrough in the Bosnian peace talks in New York dwindled.

Mr Clinton said details of the new measures would be announced very soon.

Bosnia's UN ambassador, Mr Muhamed Sacirbey, dampened expectations that the Moslems were on the point of signing an agreement on a map dividing Bosnia-Hercegovina into 10 semi-autonomous provinces, following their approval of ceasefire and military disengagement arrangements on Wednesday.

Countering forecasts by the international mediators that there would be a breakthrough on the map, which has so far been signed only by the Bosnian Croats, Mr Sacirbey said his government still had strong concerns about the plan.

In particular, further clarification was needed on how power would be shared between the proposed provinces and the central government, which would be responsible for foreign relations.

"We want to make sure that these provinces do not become ethnic enclaves, which is not something that I think either the international community or certainly the Bosnians want," he said.

The Bosnian Serbs, who have been assigned 43 per cent of Bosnia's territory, compared with the 70 per cent they now occupy, also have strong reservations about the map. This is the most controversial element of the international mediators' three-part peace plan, which also includes a constitutional framework and a military agreement.

Mr Reginald Bartholomew, the US representative to the negotiations, said Bosnian President Alijah Izetbegovic was unwell, but other members of his delegation were taking part in the talks. He had no reason to believe that it was a diplomatic illness.

It was uncertain last night whether Mr Izetbegovic would leave New York as originally scheduled, following pleas by both the mediators and the United Nations Security Council that he should stay on until an agreement was reached.

Meanwhile, the UN has been unable to persuade Bosnian Serb commanders to allow aid workers into the Moslem enclave of Cerska, eastern Bosnia, reportedly overrun by Serb forces.

Unconfirmed reports from amateur radio operators, the only source of information from the besieged area and nearby Konjevic Polje, have said that hundreds of people have been killed and thousands were fleeing the region.

Radio Sarajevo carried an appeal from Cerska's local leaders to President Clinton to rescue them. "How long can this go on? The world watches and does nothing," the appeal said.

● The commander of UN troops in former Yugoslavia for the past year acknowledged yesterday that there was widespread dissatisfaction with their current mandate, saying it was certain this would have to be changed.

Lieutenant General Satish Nambiar, who is returning to Indian army service, agreed with the view that the peacekeepers might have to be authorised to use force to implement a Balkans peace settlement.

Gen Nambiar emphasised that all the heavy weapons now in the possession of the warring groups would have to be brought under UN control to make a ceasefire effective.

His replacement is General Lars-Eric Wahlgren of Sweden (pictured right).

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NEWS: INTERNATIONAL

Second arrest in New York blast

By Karen Zagor in New York

A SECOND suspect was expected to be charged yesterday in connection with last week's bombing of New York's World Trade Centre, which killed five people and injured more than 1,000.

US investigators said they planned to place charges for interfering with investigations into the case.

New York City police commissioner Raymond Kelly yesterday said more arrests were expected in the case.

The second arrest in the case followed Thursday evening's charging of Mr Mohammed Salameh, a Moslem fundamentalist who was arrested as he tried to retrieve $400 for a rented van alleged to have contained the bomb.

Mr Salameh was charged with aiding and abetting the bombing and subsequent fire and with transporting explosives across state lines. If convicted, he could receive a life sentence.

Mr Salameh was arrested when he returned to collect a deposit on the van. The rental agreement named him and gave his address.

Details of the charge against Mr Salameh pointed to him as the builder of the massive bomb that blasted a 100-ft-wide hole in an underground parking garage at the centre.

The complaint said tools and parts were found at an apartment Mr Salameh used and that a police expert said they were evidence of a "bomb-maker".

US District Judge Richard Owen ordered Mr Salameh to be held without bail.

Investigators are still looking for other suspects, and the FBI warned that the investigation would probably continue for many months.

New York Governor Mario Cuomo yesterday asked President Bill Clinton to declare New York a major disaster area, which would allow the city to get federal funding to help clean up the rubble, install new security measures at the centre's twin towers and counsel displaced workers.

The federal Small Business Administration has already declared the area an economic disaster zone, thereby making business owners eligible for low-interest loans.

In a letter to the president, Mr Cuomo estimated the costs of the bombing at more than $700m. Mr Cuomo's estimates were in line with earlier projection's by the city's comptroller, Ms Elizabeth Holtzman. However, officials at the Port Authority of New York and New Jersey, which owns and operates the complex, believe the figures will be even higher.

Quick success is good news for G-men

Unused to terrorism, New York can take it, writes Jurek Martin

JUDGE William Sessions was almost cheerful this week. The beleaguered head of the FBI, whose job appears to hang by a thread, was able to appear constantly on television, eventually announcing an arrest in the World Trade Centre bombing. He was also not on the spot for the siege in Waco, Texas, because the Bureau of Arms, Tobacco and Firearms, which may have bungled its initial raid on the religious cult last Sunday, does not fall under his jurisdiction.

While he was able to exude unaccustomed confidence, initial public reaction to the detention of Mr Mohammed Salameh has been dominated by praise for the forensic detective work of the FBI and the local New York police.

Even without the unexpectedly quick arrest in this case, both New York and the country seem to have taken the events of the last week in their stride. The US has, by international standards, been quite free of acts of terrorism on its own soil in the last decade.

But, as the siege of Waco, the recent gangland-style execution of six people in the Bronx and a shooting outside the CIA in January, allegedly by a Pakistani citizen, all demonstrate, it is only too familiar with violence.

A typical reaction from a public figure was provided by Mr Peter Jennings, the ABC TV anchorman, who was asked on Thursday after a speech at Howard University in Washington if he thought the country had been traumatised by the New York bombing. He brusquely dismissed as rubbish one tabloidesque piece of reporting which had concluded "America will never be the same again."

As Mr Mario Cuomo, governor of New York said: "The greatest threat to this country is not some group gone mad over religion in the Middle East somewhere. It's what we do to ourselves with violence, with drugs. The people in Waco didn't fly in here from Mesopotamia."

Under the surface calm, to which even normally excitable New Yorkers seem to subscribe, there is some concern at the reminder that terrorist groups can and do operate in the US. This sentiment has been fanned by self-styled security experts, much in demand this week by the media.

> 'The greatest threat to this country is not some group gone mad over religion in the Middle East somewhere. It's what we do to ourselves with violence, with drugs. The people in Waco didn't fly in here from Mesopotamia.'

A typical example was one opinion piece in the New York Times which said "the new world disorder means we'll be a bigger target" but provided little justification for its prognostication. Mr Radovan Karadzic, the Bosnian Serb leader, also issued a warning that US involvement in Bosnia could make it vulnerable to terrorism, but, under pressure, he later said his comments had been "mistranslated".

Another prescient and factual article in the same newspaper two weeks ago had detailed the known activities of presumed terrorist groups inside the US.

The article quoted Israeli intelligence as believing that command of Hamas, the radical Palestinian group, was exercised not from Beirut or Tehran but from a house in suburban Virginia. But the prevalent view of the quoted experts was that, as with the IRA, the US has mostly been a source of funding and some recruitment for activities well away from American shores.

The last big arrest of a foreign terrorist in the US was that of Mr Yu Kikumura of the Japanese Red Army, picked up in a bomb-laden car by a New Jersey highway patrolman in 1988. There is also evidence that the El Rukhn black extremist group in Chicago was plotting with Libya to bring down a domestic US aircraft about five years ago.

General Brent Scowcroft, national security adviser in the Bush administration, this week said he believed Iran was the country now most responsible for sustaining various terrorist groups, though not necessarily controlling all of them. Also this week Mr Warren Christopher, the secretary of state, expressed the hope that Russia would not sell arms to Iran, in part for the same reason.

However, there is simply no evidence that US foreign policy is about to be affected by the implication of Islamic fundamentalists in the New York bombing. If New Yorkers could take it in their stride, the Clinton administration could hardly do less.

Spotlight turns on blind cleric

By Mark Nicholson in Cairo

ISLAMIC extremism in the US has been most emphatically represented for the past three years by Sheikh Omar Abdul-Rahman, a 54-year-old Egyptian preacher.

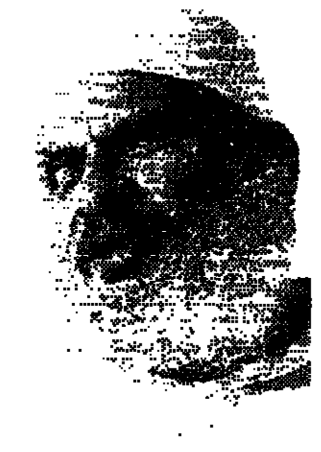
Since the sheikh arrived in the US in 1990, apparently on a tourist visa, Cairo has repeatedly asked its ally to curb the activities of a man widely regarded in Egypt as the spiritual inspiration for violent Islamic groups in the country which have recently spearheaded a series of lethal attacks on foreign visitors.

The US immigration service said last month it was still considering a move to deport the cleric, on the grounds that he was a polygamist – he has three wives – and had once falsified a cheque in Egypt, both grounds for deportation.

Attention has focused on the sheikh because Mr Mohammed Salameh, the 26-year-old Arab charged on Thursday with the bomb attack on the World Trade Centre, prayed at the New Jersey mosque at which the Egyptian cleric occasionally preaches.

In a statement yesterday published through an Arab-American leader, Sheikh Abdul-Rahman "unequivocally denounced the bombing". Dr M.T. Mehdi, secretary-general of the National Council on Islamic Affairs, said the sheikh told him: "The holy Koran commands the faithful not to commit aggression... the bombing of the World Trade Centre could not have been done by a true Moslem."

Sheikh Abdul-Rahman's cause within Egypt has been clear-cut for more than a decade: the establishment of an Islamic state. In 1982 the blind preacher, who is said to have memorised a braille copy of the Koran at the age of 11,



Sheikh Abdul-Rahman

was acquitted in the trial of Islamists accused of assassinating President Anwar Sadat. The sheikh was accused of issuing the *fatwa*, or edict, calling for Sadat's killing.

Today, in a call smuggled into Egypt on tens of thousands of tape cassettes, the sheikh brands the present government of President Hosni Mubarak "corrupt" and a "dictatorship", accusing the government of oppressing, jailing and torturing Islamic activists.

In a recent BBC interview from his New Jersey home, Sheikh Abdul-Rahman said that the "oppressor" government of Egypt had to be overthrown.

Such statements have led Sheikh Abdul-Rahman to be seen in Egypt as the spiritual elder for the Gama'a el-Islamiyya, the shadowy militant Islamic group which has claimed responsibility for most of the recent attacks on tourists in Egypt.

Although Sheikh Abdul-Rahman claims not to be part of the group, he does nothing to distance himself from their cause.

Militants issue warning to foreigners in Egypt

By Mark Nicholson in Cairo

A MILITANT Islamic group claiming to be behind recent attacks on tourists in Egypt yesterday warned foreigners to leave the country and said foreign investments "could soon become a target."

The warning was issued to the BBC in Cairo and in it the Gama'a al-Islamiyya, or Islamic groups, also claimed responsibility for the killing on Thursday of a police officer and his son in Upper Egypt. Diplomats in Cairo said they were "looking into" the warning, but were treating it with circumspection.

Groups claiming to be part of the Gama'a al-Islamiyya regularly send faxes to news organisations to claim or disclaim responsibility for violent incidents in Egypt. Similar warnings were issued by these groups before the spate of attacks on tourists, which began last summer.

The Gama'a al-Islamiyya claims to be behind the attacks on tourists in Cairo and Upper Egypt which have already claimed the lives of at least three foreign visitors and an Egyptian.

The most serious was the bombing last Friday of a crowded coffee-house in central Cairo in which a Swedish and a Turkish tourist were killed, along with one Egyptian.

In yesterday's warning, the Gama'a Islamiyya said it "calls all Arab and foreign countries" to advise their citizens to leave Egypt and "preserve their lives". It urged "Egyptians, Arabs and foreigners" to "call off" their investments in the country. "Investments, but not the investors, could soon become a target to our just revenge," it said.

Milken goes free — up to a point

By Nikki Tait in New York

MR MICHAEL MILKEN, freed from federal custody this week, must now decide how to serve the 1,800 hours of community service in each of the next three years required to fulfil his sentence for securities fraud.

The former head of the high yield bond department at Drexel Burnham Lambert, and the driving force behind the growth of "junk bond" financing in the 1980s, still faces strict curbs on his activities. The Securities and Exchange Commission has banned him for life from the brokerage industry.

He also faces trouble of a more personal kind – coping with prostate cancer.

Mr Milken had spent 22 months in a prison in Northern California, having pleaded guilty in 1990 to charges of violating US securities law, and then a further month in a halfway house – which had once been the residence of Mary Pickford, the movie star – in Hollywood.

For the 30 days immediately before his official release from federal custody on Tuesday, Mr Milken had lived at his California home, under government supervision.

He had originally been sentenced to a 10-year prison term by Judge Kimba Wood, in the New York Federal District Court, a particularly heavy penalty when compared with the treatment of other Wall Street criminals.

However, this sentence was subsequently cut to two years, on the grounds that the former financier had agree to co-operate with the authorities. Mr Milken must now present a community service proposal to the judge.

In retrospect, there has been much debate over the extent of Mr Milken's co-operation; critics of the sentence reduction note that his public testimony against former colleagues at Drexel has been ambiguous and not particularly helpful to prosecutors.

However, in February last year, the financier agreed to pay an additional $500m (£352m) into a $1.3bn "pool", to be divided among the various parties who had filed claims against Drexel Burnham Lambert.

The investment bank, now defunct, went into bankruptcy in 1990.

Mr Milken had already paid $400m into an SEC disgorgement fund, and the aggregate $900m penalty was said to represent 85 per cent of his personal wealth. However, this figure did not allow for assets held by Mr Milken's wife, Lori, or by his family.

Iran urged to cut trade agreements with UK

By Roger Matthews, Middle East Editor

IRAN was urged yesterday to cancel trade agreements with Britain because of the row over the author Salman Rushdie. Ayatollah Ahmad Jannati, one of Iran's most outspoken clerics, said yesterday parliament should review economic and trade relations with Britain because of its insults to Islam.

Speaking at Friday prayers in Tehran, Ayatollah Jannati said a meeting last month between Mr Rushdie and Mr Douglas Hogg, a minister at the Foreign Office, was aimed at "shattering Islam's dignity and opening the way for anyone to insult Moslem sanctities". He added that it was a tactic aimed at forcing Iran to submit to Britain's wishes.

Britain has recently stepped up its demands that Iran should withdraw the religious ruling, or *fatwa*, passed by the late Ayatollah Khomeini which calls on Moslems to kill Mr Rushdie for sentiments expressed in his book The Satanic Verses. Ayatollah Jannati said yesterday it was a divine ruling which "sooner or later, would be carried out".

He added that trade with Britain could be replaced by dealing with other countries. "Whatever we buy from Britain can very easily be bought elsewhere," he said.

Mr John Major, the British prime minister, is expected to meet Mr Rushdie within the next few weeks to underline the government's insistence that the *fatwa* has to be withdrawn before diplomatic relations between the two countries can improve.

Clinton pledges to aid Russian economy

PRESIDENT Bill Clinton yesterday promised to propose "some innovative solutions" for Russia's problems at his summit with President Boris Yeltsin, to be held in Vancouver on April 3 and 4, writes Jurek Martin in Washington.

Mr Clinton said that he planned far more than a "get acquainted" meeting. "I don't want to make any sweeping commitments but I'm going there with the intention of trying to more aggressively engage the US in the economic and political revitalisation of Russia."

Vancouver was chosen over Warsaw, offered as a site by President Lech Walesa, because Mr Yeltsin will be travelling in the Russian far east immediately beforehand.

The administration has already proposed increasing bilateral assistance to Russia from $400m (£281m) to $700m.

Dispute at S African talks

MULTI-PARTY negotiations resumed yesterday in South Africa after a nine-month hiatus, but were immediately bogged down in disagreements between the mainly Zulu Inkatha Freedom Party and the government and the African National Congress, writes Patti Waldmeir from Johannesburg.

Some 26 organisations gathered at a hall outside Johannesburg for the conference Participants ranged from the pro-apartheid white Conservative Party (CP) through traditional tribal leaders to the black radical Pan Africanist Congress (PAC).

There was an immediate dispute over who should chair the talks, and over where delegates should be seated. Inkatha, the mainly Zulu party, also signalled problems ahead, said it rejected an agreement between the ANC and government calling for power-sharing.

Zambian coup suspects arrested

Zambian police arrested seven people yesterday, including a son of former president Mr Kenneth Kaunda, in connection with an alleged coup plot, Foreign Minister Vernon Mwaanga said, Reuter reports from Lusaka.

The arrests were announced after President Frederick Chiluba declared a limited state of emergency on Thursday night.

Mr Mwaanga said he had been told by police that Major Wezi Kaunda, the former president's third son and an opposition member of parliament under suspension for non-attendance, was detained.

Brazilian banker resigns

TURMOIL in the Brazilian economy increased yesterday with the resignation of Mr Antonio Barros de Castro, head of the National Development Bank and until recently responsible for the privatisation programme, Christina Lamb reports from Rio de Janeiro.

Mr Barros de Castro left strongly attacking the government. He accused aides of President Itamar Franco of incompetence and deliberately blocking the privatisation programme suspended since December.

Glasgow continues fight for army offices

By James Buxton, Scottish Correspondent

GLASGOW is to continue fighting to persuade the army to locate its new personnel centre in the city, creating 700 jobs, after Mr Archie Hamilton, the armed forces minister, confirmed that the army was considering an alternative site in Stockport, near Manchester.

Amid accusations from Scottish politicians of all parties that the government was reneging on a decision made only six weeks ago, Mr Hamilton said the ministry had only recently become aware of a existence of a suitable building in Stockport which would cost £4m against £20m for the one earmarked in Glasgow.

He indicated that it was likely that the army would settle for Stockport, although the recommendation was still subject to review. It was important that the taxpayer received value for money.

In January the army said it was recommending Glasgow as the site of its new unified personnel centre to handle all army pay and pensions. It said it would lead to the closure of several smaller offices around Britain, but 700 new jobs would be created in Glasgow and 400 existing MoD jobs in the city would be safeguarded.

It was expected that the centre would be located in Tay House, a large new office building standing empty in the heart of the city.

Mr Hamilton said the ministry had always made clear that the original recommendation was subject to a period of review. During that period the ministry's consultants had become aware of a suitable vacant building in Stockport, which they had not known about.

The decision to give Stockport serious consideration has infuriated Mr Ian Lang, the Scottish secretary, who next week will announce the government's plans for improved constitutional arrangements for Scotland, which are widely expected not to satisfy the opposition parties.

The Glasgow development agency, which was helping the army find a location for its new centre, said yesterday it had offered the army several buildings, some of which were cheaper than the one eventually chosen. "We were always told that they wanted a modern building to take them into the 21st century," the agency said yesterday.

It believes that the £4m building in Stockport is a 1970s structure. "We will go back and make our submission all over again," the agency said.

Meanwhile there were indications yesterday that the government will next week announce the transfer of some of the civil servants concerned with regulating the North Sea oil industry from London to Aberdeen. But the proposed transfer appeared to amount to less than that urged by Scottish politicians.

Mr Bob Middleton, convener of Grampian regional council, which includes Aberdeen, said he understood that a cabinet committee had agreed on Thursday that between 30 and 40 civil servants' posts would be moved from London to Aberdeen.

That is fewer than the 80-odd civil servants in the petroleum engineering division of the Department of Trade and Industry's energy section, whose transfer to Aberdeen has long been a demand of businessmen and politicians in north-east Scotland.

Yarrow shipyard workers end strike

A FOUR-WEEK strike at the Yarrow warship yard in Glasgow ended yesterday when the 1,300 hourly-paid workers voted by a four-to-one majority to return to work, James Buxton writes.

The workers accepted a two-year pay-and-conditions offer which they had turned down a week ago and which represented only a marginal improvement on the offer which was available when they went on strike on February 5.

Yarrow, a subsidiary of GEC, had offered the workers a 3.78 per cent pay increase over 12 months in return for changes in working conditions – including the abolition of the Friday tea break – as well as an immediate one-off payment of £300.

The only concession the Yarrow management made was to make the pay increase payable from March 1 instead of July 1. This was rejected by the workers last week. Throughout the dispute union officials have urged them to accept the terms on offer.

Yesterday Mr John Carty, Glasgow secretary for the AEEU engineering union, said: "At the end of the day improvements were achieved in the offer and the workers have a right to feel proud they are going back united."

Lawyer jailed for seven years

A LAWYER who used "a mire of deception" to plunder clients' accounts and cheat financial institutions of £4.7m was jailed for a total of seven years at Southwark Crown Court yesterday.

Mr Mark Wyeth, prosecuting, said Mr Philip Englefield, 49, of Knightsbridge, west London, had joined the 142-year-old west London firm of Boyce, Evans and Sheppard 32 years ago, eventually becoming a senior partner.

Mr Wyeth said Mr Englefield had stolen or misappropriated money from clients, lending to fund speculative property ventures. "He lied to his clients and misled his fellow partners."

Mr Englefield admitted 10 charges involving theft, false accounting and procuring the execution of valuable securities.

His activities were uncovered when the firm computerised its clients' accounts. Mr Englefield was now bankrupt and had been struck off by the Law Society, the court heard.

The firm's reputation had suffered, said Mr Wyeth, and it had lost a lot of business. It had changed name, moved to cheaper premises and shed three quarters of its staff.

He added that as a result of Mr Englefield's criminal activities and alleged separate frauds by another of the firm's partners, claims totalling £18m had been filed with the Solicitors' Indemnity Fund and £2m had been paid in settlements.

Cognac sales decline 12.3%

THE BRITISH drank less cognac but more wine last year. Cognac sales fell 12.3 per cent to 11.6m bottles, according to the Cognac Information Centre, but Britain remained the leading European market, ahead of Germany and France.

Britain's wine consumption – up from 3.7 litres to nearly 13 litres a head since 1970 – is growing faster than in any other European country. About 577m litres of wine, worth more than £4bn, was consumed last year, says a report from Mintel, the market researcher.

Plant to close

BURTONS catering factory, based in Ipswich, Suffolk, for nearly 170 years, is to close with the loss of 139 jobs, it was announced yesterday.

Local government under scrutiny

Watchdog chief pledges fraud probes

By John Willman, Public Policy Editor

THE AUDIT Commission, the public-spending watchdog, is to investigate fraud and corruption in local government following allegations about malpractice on an "unprecedented" scale in the south London borough of Lambeth.

Mr Andrew Foster, the new controller of the commission, said at a conference yesterday to mark its 10th anniversary that the investigation would be launched next month. A second study into the health service was likely to follow.

Mr Foster said that the study would analyse the extent of corruption by re-opening every case notified to the commission in the past three years. The investigation would then identify steps to prevent fraud by improving the audit process or financial management systems.

Mr Michael Howard, the environment secretary, immediately welcomed the investigation. He promised to consider any recommendations for additional powers for auditors or local authorities.

Mr Jack Straw, Labour's environment spokesman, said that corruption was 60 times greater in central government and quangos than in local government. "For all its imperfections, open, accountable local government is the best antidote to corruption," he said.

In his first newspaper interview since becoming controller, Mr Foster told the Financial Times that the commission had repeatedly tried to draw attention to what was going on in Lambeth.

"In every year since the Audit Commission was founded, our auditors have made public interest reports saying that Lambeth's finances were in a totally unacceptable state," he said.

Before legislation was passed last year the commission could only send its reports to the Department of the Environment and the local authority concerned. Now it can publicise failure to address audit concerns, and intends to do so with vigour.

Meanwhile, Lambeth's auditor has been working closely with the council leader and chief officer to help them put things right. Mr Foster, formerly deputy chief executive of the NHS management executive, said he wanted to put much more effort into working with clients to improve their systems.

"Government reforms in many public services are delegating budgets to local managers and encouraging more entrepreneurial behaviour. The people now handling public money are less experienced, and there's a chance of things going wrong without a clear regulatory framework."

Mr Foster said the emphasis on contracting-out and market-testing required new approaches to public-sector management, since it introduced new opportunities for corruption in the awarding of contracts.

"People brought up in one sort of public-service culture must adapt to a very different market-oriented culture," he said. "It needs new procedures to ensure that those handling public money remain publicly accountable for it."

Mr Foster hopes to extend the commission's activities beyond local government and the health service to other public-sector organisations. He believes that the approach developed by the commission could help add value to other public services.

Smith calls for Leyland Daf help

By Ivor Owen, Parliamentary Correspondent

MR JOHN SMITH, the Labour leader, yesterday challenged Mr John Major, the prime minister, to demonstrate his commitment to Britain's manufacturing sector by ensuring a future for Leyland Daf.

He contrasted the moves by the Dutch government to preserve as much as possible of the company's plants in the Netherlands with the insistence of British ministers that the receiver should be left to decide what could be salvaged.

Mr Smith told the north-west regional conference of the Labour party in Blackpool that the Dutch government had been willing to invest in the company because it recognised the value to the economy of its technology and the skills of its workforce.

Dutch workers knew their plants were secure, while British workers still did not know what would become of them, he said.

Mr Smith added: "There could be no sharper lesson of how Britain is losing out to countries with an industrial strategy because it has a government with none."

It was not just the workers of Leyland in Lancashire who were at risk, but the thousands more working for the company's many suppliers. He warned that the break-up of Leyland Daf would "weaken the industrial base Britain needs if we are to survive in competition with the rest of the world".

● Mr Paddy Ashdown, leader of the Liberal Democrats, called on the government to boost the prospects for recovery by adopting his party's £4bn "action for jobs" programme.

He told Welsh Liberal Democrats in Brecon that a programme of public investment would put 350,000 people into work in a year and provide thousands of contracts for small companies, particularly in local construction projects.

Lucy Hodson of Sotheby's yesterday with the recovered portraits by Gainsborough and Reynolds

Stolen portraits are recovered

By Antony Thorncroft

TWO portraits, one by Reynolds, the other by Gainsborough, which had been stolen from the Great Hall at Lincoln's Inn in London in 1990, were recovered this week when they were brought into Sotheby's for evaluation.

They had been bought at the Bermondsey market in London for £145 for the two, and the new owner, who had no idea of their provenance, carried the two canvases to the auction house in a plastic bin liner.

Ms Lucy Hodson, of Sotheby's British pictures department, was called down to the front desk to examine the paintings and immediately recognised them as the work of Reynolds and Gainsborough.

She checked with the Art Loss Register and discovered they were the missing paintings.

"I could not believe my eyes when this man pulled these two paintings from the bin bag," she said. "Both of them had been taken from their frames when they were stolen and the Gainsborough was rolled up. The Reynolds is smaller and was still on its stretcher but I recognised them straight away."

A portrait of William Pitt the Younger by Gainsborough, which was also stolen in the raid, has yet to be recovered.

Bass quits National Lottery race

By Raymond Snoddy

BASS, the brewing, hotels and leisure group, has dropped out of the running for the licence to operate the planned National Lottery.

The company had examined in detail prospects for the National Lottery – the lottery bill is now going through parliament – and was expected to be a member of a consortium bidding for the operating licence. After a strategic review of the company's operations, the Bass board decided last week to concentrate on its existing core businesses and disband its lottery team, which had reviewed opportunities.

The Bass decision has been taken even though the company is already involved in gambling through Coral, its bookmaking arm. Bass is also a large operator in the bingo market. The company decided that operating the National Lottery would be an entirely separate business needing new skills.

"We think the National Lottery will be a great success but we have decided to concentrate on our existing business," Bass said yesterday.

Bass is still interested in selling lottery tickets in its pubs although it is not clear whether this will be possible under the rules. Many business opportunities will arise out of the National Lottery, particularly for companies that supply other lotteries around the world.

These include companies such as GTECH, which supplies computer-based lottery systems in many parts of the world and printers such as Norton Opax of the UK which supplies lottery tickers and instant scratch game cards.

Green taxes lose their pre-Budget lustre

SPRING BUDGET

Bronwen Maddox on why environmental levies have fallen off the government's agenda

THE oil industry is bracing itself for rises in petrol and diesel taxes in the chancellor's Budget on March 16, but otherwise environmental policy is likely to be notable by its absence. That is in spite of the fondness of Mr Michael Howard, environment secretary, for using financial instruments to achieve environmental targets.

Tax rises for automotive fuel might be presented as environmental instruments as transport emissions are the fastest-rising cause of air pollution, but the more important motive is likely to be raising revenue.

When the chancellor completed the abolition of the 10 per cent special car tax in the Autumn Statement he hinted that steps would be taken in the Budget to recoup the money.

The thrust of recent transport policy – that move, combined with intense debate about road pricing – has been to tax use of vehicles rather than ownership. It would seem more likely that the government would raise the tax on petrol and diesel rather than the vehicle excise duty.

Abolition of the special car tax will cost £1.5bn in a full year, according to the Treasury. To recoup that an increase of 3.3 pence per litre on automotive fuels would be needed, oil industry estimates show.

The question fuel companies are asking is whether the chancellor would go further – several say privately they are braced for a rise of at least 5 pence per litre.

It is difficult to portray this as an environmental measure – even though the Department of the Environment will doubtless try – because vehicle fuel price rises have little impact on how much people use their vehicles. That characteristic – increasing the attractiveness of a tax increase to the Treasury – was demonstrated during the 1973 oil price rises, according to Mr David Parker of the Petroleum Industry Association, although drivers gradually moved to more fuel-efficient vehicles.

The much-discussed carbon or energy tax to help combat global warming is unlikely to make an appearance in the Budget, in spite of the Clinton administration's introduction of a US energy tax.

Mr Robert Jones, chairman of the Commons environment committee, has argued that a carbon tax – intended to persuade the energy sector to move to less carbon-intensive fuels, such as gas and nuclear fuels – would be pointless if the government were to subsidise the coal industry.

Carbon or energy taxes in the UK are likely only as part of an EC-wide move to reduce the impact on competitiveness, and Mr Ioannis Paleokrassas, the new EC environment commissioner, has warned there is unlikely to be much progress this year.

Labour may welcome caution in devising such taxes as it is concerned about the impact on poorer families. Mr Chris Smith, shadow environment secretary, said: "We hope that they will carefully consider all the possible social effects before moving ahead."

The government is also likely to think that the introduction of a levy on landfills – licensed rubbish dumps – would be premature. Coopers & Lybrand, the consultancy, has just completed a preliminary study for the environment department on a levy designed to encourage incineration of waste and to a lesser extent recycling.

Mr Smith says the UK government and Brussels are less serious about environmental policy than they were several years ago.

The Budget is likely to strengthen the opinion that environmental policy is fighting for its place on the political agenda.

Ten more judges for High Court

By Robert Rice, Legal Correspondent

LORD Mackay, the lord chancellor, is to recommend the appointment of 10 new High Court judges "as soon as possible" to tackle a growing backlog of cases.

In a written answer in the Commons, Mr John Taylor, junior minister at the Lord Chancellor's Department, said Lord Mackay's decision followed a report by a group of judges and officials headed by Lord Justice Kennedy, on the work, deployment and numbers of High Court judges.

Lord Taylor, lord chief justice, appointed last year with a mandate to modernise the judiciary, said recently he could not do the job without a big rise in the number of Appeal Court and High Court judges.

The government's announcement follows warnings from the legal profession that a shortage of judges in the Commercial Court threatens London's future as a centre for handling international business disputes. The lord chancellor will have to seek parliamentary and Privy Council approval for an increase in the statutory maximum number of judges before any appointments can be made. The present limit of 85 was set in 1987. The number of High Court judges on March 1 this year was 83. The salary for a High Court judge is £87,620.

Mr Taylor said the judges would be deployed "to reduce delays and backlogs" in the Chancery Division, the Court of Appeal Criminal Division, the Employment Appeal Tribunal and the Commercial Court.

Lord Ridley: firebrand champion and defender of the Thatcherite faith

OBITUARY

LORD RIDLEY, the zealous promoter of Thatcherite extremism who died yesterday was lauded by Baroness Thatcher, the former prime minister, as "a great Englishman".

He would have been equally honoured, perhaps privately, to have been called a bad European.

The former secretary of state for transport, environment, and trade and industry as well as intellectual confidant of Mrs Margaret Thatcher – as she was then – was a nationalist, bogeyman of Brussels and scourge of socialism. His vision was of a wider, looser free-market Europe.

He was an unrepentant opponent of the Maastricht treaty who staggered into the House of Lords on his 64th birthday two weeks ago for a last denouncement of the treaty and European integration. A heavy smoker, he had been ill for some months.

As Mr Nicholas Ridley, his ministerial career ended in 1990 when he dubbed the European Community "a German racket designed to take over the whole of Europe".

His anger had echoes of Enoch Powell, at one point suggesting that opponents of closer European union should vote against Conservative candidates.

The loss is greatest for the defenders of the Thatcherite legacy. His stamp is indelible. But in his unbridled enthusiasm he also sowed some of the seeds of its eventual destruction.

There was an academic rigour but, unlike Mrs Thatcher, he had less of an appreciation of the need sometimes to bow or bend according to prevailing political practicalities.

Lord Ridley introduced the poll tax, attacking its detractors by asking: "Why should a duke pay more than a dustman?" He arrived at the Department of Trade and Industry to ask: "What is this department for?" Prior to Mrs Thatcher's election as prime minister in 1979, he plotted ways of taking on the coalminers.

Lord Ridley was not afraid to think the unthinkable and incite Mrs Thatcher, suggesting in 1974, for instance, that she resign from the government of Mr Edward Heath.

For Mr John Major he was no close friend. When both were in the cabinet – the prime minister then as chancellor – Mr Ridley waged a relentless, but ultimately unsuccessful, battle against British membership of the exchange rate mechanism. Having coverted the chancellorship himself, he was said by colleagues to regard Mr Major as intellectually lightweight.

In typical maverick form, Lord Ridley used a last article for The Times on Wednesday to suggest a higher 50p rate of income tax and the abolition of the ceiling on National Insurance contributions – strikingly close to Labour party policies at the last election.

It is true that Lord Ridley was a more complex character than the brash image he appeared to deliberately cultivate. He could be personally unpleasant – particularly to journalists.

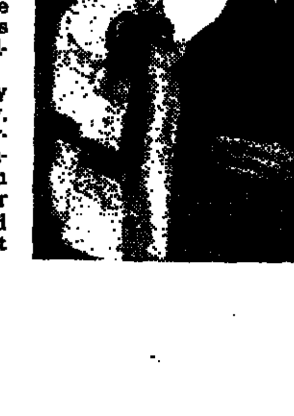
He had an arrogance perhaps borne of long experience. He represented the constituency of Cirencester and Tewkesbury for more than 30 years until he retired at the April 1992 election.

But in private there was a different character. Civil servants liked his wit, decisiveness and ability to delegate. He steered through the privatisation of British Airways and the water industry.

He was a tall, gaunt character, with a sense of propriety. He regarded it as his duty in the Commons to take the flak – as he did in generous quantities over, say, his refusal to act against the Fayed brothers after a damning DTI report on their takeover of Harrods.

An amateur artist, Lord Ridley liked to paint in bright colours. In the world of politics he was similarly bold, sometimes betraying a naive understanding of political correctness.

His comments on Germany and the European Community, in a Spectator magazine interview, were only the most blatant example. He missed life in political office, and pined for the Thatcher years, but could at least claim that he went down fighting.



Police work to be rated in league

By John Willman, Public Policy Editor

THE GOVERNMENT is to publish league tables comparing the performance of police forces in England and Wales, Mr Kenneth Clarke, the home secretary, said yesterday.

The tables will be based on 17 performance indicators, which will be published for the first time in December 1994.

The indicators will include detection rates for different crimes, the percentage of urgent incidents responded to within target times, the speed of response to 999 calls and the number of officers available for duty.

The indicators have been devised by the Audit Commission, the public-spending watchdog, with Her Majesty's Inspectorate of Constabulary and the Association of Chief Police Officers.

Mr Clarke accepted that the scores achieved by a police force might not always reflect its actual performance. He said it would be misleading to compare crime detection rates in rural Wales with those in greater Manchester, where many more offences took place.

"I do not think, however, that the ranking of police forces in a league table showing how they compare against one another should be put off the agenda for that reason alone," he said.

"I know from my experience at the Department for Education that there is a well of untapped interest among ordinary citizens in the services they use."

The home secretary expected the publication of indicators to "excite public debate". The publication of league tables of test results for seven-year-olds had been hugely popular and became "a minor industry".

Mr Tony Blair, Labour's shadow home secretary, said it was important that the public had as much information as possible. "But we should not kid ourselves that the publication of information about policing is a substitute for a proper or coherent policy to fight crime – which is woefully lacking at present," he said.

NCP denies wanting to damage rival

By John Mason, Law Courts Correspondent

THE operation to spy on Europarks, a business rival of National Car Parks, to obtain confidential details of its finances was never intended to damage the company, the Old Bailey was told yesterday.

The objective of the operation by KAS, the private security company, was to discover whether Europarks won business using improper methods, Mr Jeremy Roberts QC, for Mr Simon Hewitt, a former KAS manager, said.

The company's trading position was never harmed, even though Mr Gordon Layton, the NCP chief executive who ordered the operation, was in a position to do this, he said.

Mr Roberts admitted that KAS had an arrogant mentality, which included thinking its staff could break the law. But Mr Hewitt took his instructions from superiors who included Sir David Stirling, the former head of the SAS.

Mr Hewitt and Mr Layton both deny conspiring to defraud Europarks. The trial continues on Monday.

THE CONSERVATIVE CENTRAL COUNCIL AT HARROGATE

Grassroots rebels defeat party reforms

By Alison Smith in Harrogate

A RARE grassroots rebellion among Tory activists succeeded yesterday in defeating plans to revamp the party organisation, after bitter wrangling in a discussion behind closed doors.

Party managers had hoped to keep the row private and under control by excluding the press from the debate on the rule changes, which critics said would make the organisation too centralised.

In four secret ballots enough representatives rejected the advice of Sir Basil Feldman, chairman of the voluntary wing of the party, to throw out the planned changes, which needed a majority of two thirds.

After the debate, Sir Basil played down the defeats. He said he was sure many constituencies would still want to abide by the proposed code of practice and would submit annual financial returns to party headquarters, even though the rule change forcing local associations to do so had not gone through. Representatives made it clear they wanted an annual statement of the party's accounts.

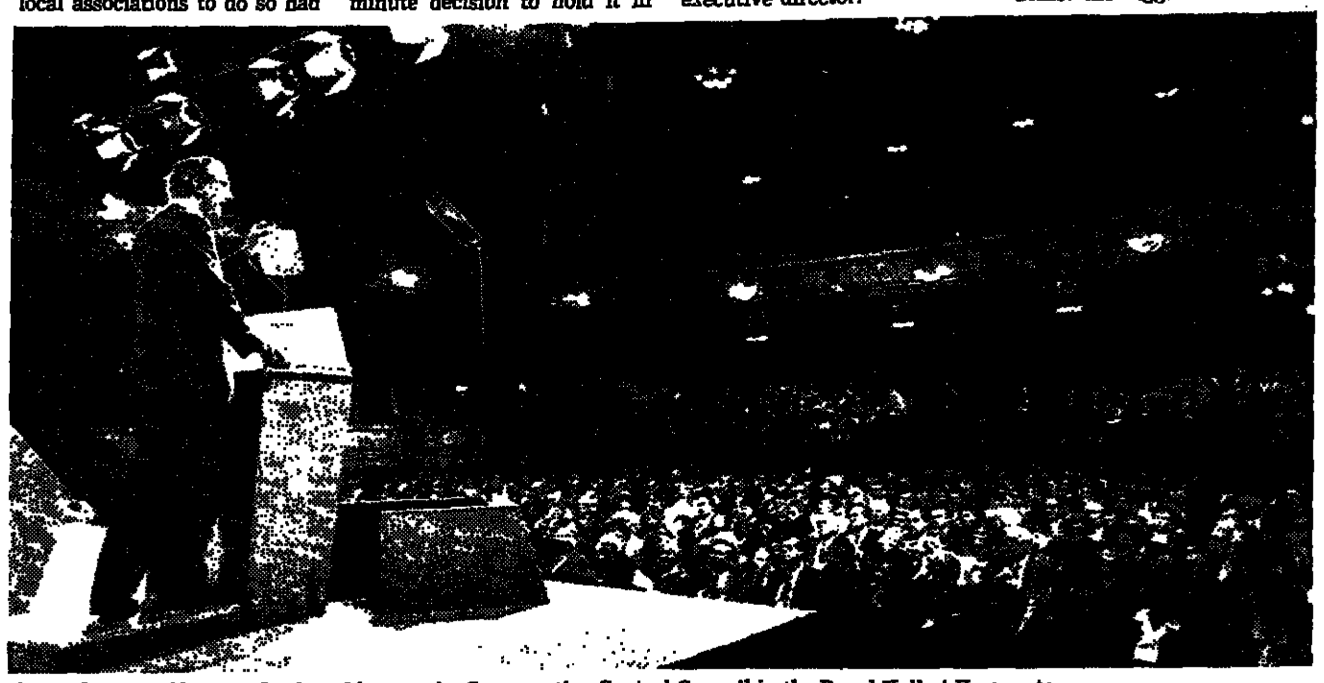
But activists stopped short of approving a motion censuring the party organisation for failing to respond to demands for greater accountability, and calling for direct elections to the new board of management set in place by Sir Norman Fowler, the party chairman.

Party managers were so worried about how that debate might go that they made a last-minute decision to hold it in private too. The defeat for the party management does not affect the reforms at Tory central office proposed by Sir Norman. He said yesterday the new board of management would act like a company's board of directors, and take the most significant financial decisions.

The board will comprise representatives of different parts of the party, such as MPs and councillors. Sir Allen Sheppard, chairman of Grand Metropolitan, will serve as a non-executive director.

Sir Norman, responding to grassroots concern about the state of the party's finances, said spending had been cut from £12m a year to £7m a year, and promised the board of management would prevent severe over-spending in future.

"Pro-democracy" campaigners in the Tory party had warned that the party's need to raise more money might lead the central organisation to try to gain control of constituency party assets. Sir Norman denied the suggestion.



Party chairman Norman Fowler addresses the Conservative Central Council in the Royal Hall at Harrogate

Tories play the loyalty card

By John Gapper, Banking Correspondent

THE Conservatives yesterday launched a new test of party loyalty by following Labour and the Liberal Democrats in putting the party's name to a credit card. The cash-strapped party hopes members will cut its debts by using their cards to pay bills.

The party is launching an "affinity" card backed by the Royal Bank of Scotland. Like the Labour and Liberal Democrat cards, both backed by the Co-operative Bank, it will cost members £10 a year.

Under the affinity card scheme, the linked political party or charity receives a payment for each account opened, plus an annual sum calculated on the volume of cardholders' payments.

Banks that back such cards have found their success depends on how tied members feel to the cause. Royal Bank of Scotland runs affinity cards for four groups, including the Royal National Lifeboat Institution, the Woodland Trust and the National Canine Defence League. The bank says its RNLI card has been the most successful because many yacht and boat club members support the lifeboat cause.

One friend for Norman Lamont

By Alison Smith

MR NORMAN Lamont has at least one friend among the 800 to 900 Tory activists gathered in Harrogate.

As political gossip was traded on the fringes of the Conservative central council a London representative vigorously asserted that the chancellor should remain in his post until 1995, and then become foreign secretary.

It was not a popular stance. "It wouldn't matter if he could walk on water now," was how another south-east Tory summed up the mood that sees the early departure of Mr Lamont as the starting point for the expected summer reshuffle.

There was less unity about his successor. The well-trailed names of Mr Michael Portillo, Mr John MacGregor, Sir Norman Fowler and Mr Kenneth Clarke were mentioned. A lone voice even suggested that Mr Peter Lilley, social security secretary, could be chancellor.

Central council meetings tend to comprise people hardened by years of service to the party, so it is no surprise that they routinely deny standing ovations to speeches that would get the annual party conference on its feet. Even so, the atmosphere in the Royal Hall, as ministers chorused the need to get on with ratifying Maastricht, was subdued.

The representatives are not rampantly Euro-sceptic – indeed, some of them say British businesses would suffer if the UK does not ratify – but many expressed the feeling that Maastricht is irrelevant and has distracted the government from what really matters – economic recovery.

So while they applauded, as Tories always applaud, the call for MPs to show some loyalty to the party and those who worked so hard to get them elected, there was little sign that unless they are pushed, the grassroots are threatening to deselect persistent rebels as the party's managers have been hinting. "The Wintertons are adored in Cheshire," said one representative – albeit not from Cheshire – of two of the most incorrigible Tory MPs.

Fears on pit jobs temper optimism

By Philip Stephens, Political Editor

MR Michael Heseltine yesterday coupled a confident prediction that the economy has reached a turning point with a stark warning that the government's review of pit closures will not prevent further heavy job losses in the coal industry.

In a generally upbeat speech to Tory party activists at Harrogate, the trade and industry secretary led a co-ordinated effort by ministers to "talk up" economic recovery.

Pointing to record levels on the stock market, rising confidence among business leaders and a surge in British productivity relative to its overseas rivals, he told the conference that new opportunities were "daily more evident".

Mr Heseltine said that the government was offering positive help to manufacturing industry through increased export credits, higher capital allowances and a renewed deregulation drive.

His speech – which coincided with an assurance by Mr Douglas Hurd, the foreign secretary, that with the worst of the recession behind it Britain could now look "confidently ahead" – underlined the government's determination to try to underpin business and consumer confidence.

But Mr Heseltine's upbeat tone did not extend to the conclusions of the coal review later this month.

In a reference to his tough negotiations with the power generators he told that conference: "I cannot make people buy coal. This is a free society."

Warning of the impact of any rescue plan on the nuclear and gas industries, he added: "There are no cost-free options. A job saved in one industry can too easily be a job lost in another."

BA and Virgin continue brinkmanship

By Paul Betts and Michael Cassell

THE BRINKMANSHIP between British Airways and Virgin Atlantic will continue this weekend beyond the "final" deadline set earlier this week by Mr Richard Branson, the Virgin chairman.

Only hours before Mr Branson's deadline expired, BA presented a fresh set of counter-proposals centred on its demands that Virgin be banned from ever again exploiting the affair and a plan by BA to destroy court documents referring to its campaign to undermine its competitor.

In spite of Mr Branson's warning that he would consider further legal action against BA unless an agreement to end their "dirty tricks" dispute was reached yesterday, the two airlines have decided to make a last attempt to seek a peace deal.

Given the sensitivity of the position, neither side last night was prepared to shed light on the latest twists in the month-long negotiations. With both sides within sight of agreement, however, another obstacle emerged last night as lawyers began another round of talks.

Virgin is understood to have agreed to return to BA court documents, used during its January libel hearing and detailing the UK flag carrier's covert operations. But Virgin is insisting the records are held by lawyers until normal relationships between the two airlines are resumed. Mr Branson is concerned that the documents should be available for use if the airline finds itself embroiled in any future legal action arising from the "dirty tricks" affair.

Although Mr Branson is understood to have originally asked for about £13m to cover commercial damages and to settle a long-running aircraft maintenance dispute, he is ready to accept BA's cash offer of £9m. But he has rejected signing a confidentiality clause demanded by BA as an unreasonable attempt to gag him.

He has also insisted on BA signing a pledge never to indulge again in anti-competitive behaviour.

Both sides still appear anxious to resolve the time-consuming and costly dispute. In spite of the continuing tensions, they remain hopeful they can finally resolve their differences by early next week.

During four weeks of often acrimonious and sometimes sterile negotiations the two airlines have found grounds for compromise on several issues. These include agreement on the use of airline computerised passenger reservation information, and a code precluding any further poaching of customers.

BA is conducting an internal investigation into allegations that its California-based operations have continued attempts to persuade Virgin passengers to switch airlines.

Mr Branson, who is flying to the US tomorrow for three days, is involved in complex talks with aircraft manufacturers to acquire new, widebody jets to renew and expand his fleet.

Like BA's new management team, he regards the talks as a damaging distraction from the business of running an airline in difficult market conditions.

However, sources close to both sides acknowledged last night that the principal issue keeping them apart and threatening to bring the talks down remains the problem of securing an agreement on confidentiality.

In spite of a series of false deadlines both sides accept that failure to agree by early next week could lead to a breakdown of talks which, in turn, might open up prolonged legal action in Europe and the US.

Unions call for Birt to resign

By Raymond Snoddy

BBC UNIONS yesterday called for the resignation of Mr John Birt, the BBC director-general, and Mr Marmaduke Hussey, chairman of the corporation.

The unions' demands were made at a meeting with BBC management yesterday and follow the revelation that from 1987 until this week Mr Birt had been paid as a freelance consultant through his private company, John Birt Productions.

At the meeting with Mrs Margaret Salmon, the BBC's director of personnel, Mr Roger Bolton, the chief negotiator of Bectu, the broadcasting union, said staff had been outraged by the damage caused to the corporation's reputation by the revelation.

"The corporation has lost the moral authority it needs to report on news and current affairs and deserves no respect from either press or politicians," Mr Bolton said.

The representatives from Bectu, the National Union and Journalists and the AEEU electricians' union also asked the BBC to confirm that the corporation provides Mr Birt with two cars, one chauffeur-driven and another for private use, and that it also reimburses costs incurred while attending public functions.

The unions said that Mrs Salmon had replied that she needed time to consider the question.

The BBC had no comment to make on the views of the unions last night.

Writ on Natwest chairman struck out

THE High Court yesterday "struck out" a writ issued by Mr George Mainz, a businessman, against Lord Alexander, chairman of National Westminster Bank.

Mr Mainz, a frozen foods manufacturer, claimed Lord Alexander "became party to a bank conspiracy" and partook in his defamation. He claimed the bank lost him £2m and cost him his business by transferring money from it to his personal accounts without permission.

He said he had never received an explanation.

But after an hour-long private hearing, High Court official Master Hodgson ruled the writ showed no reasonable cause of action and was "scandalous, frivolous or vexatious".

The bank has denied Mr Mainz's allegations, which go back to 1966. Lord Alexander was not present at the hearing.

Dismay greets proposed complex for Manchester

By Chris Tighe and Neil Buckley

NEWS of the Dumplington decision – a £200m proposal for one of the UK's largest out-of-town shopping centres – was greeted with dismay by local authorities, developers and retailers who fear it will further increase already fierce competition, to the detriment of the many shopping centres in the greater Manchester area.

A consortium of eight of greater Manchester's 10 metropolitan district councils and five large property developers, which opposed the Dumplington proposal, is considering whether to mount a High Court challenge, its spokesman Mr David Kaiserman said yesterday.

Mr Kaiserman, senior assistant city planning officer for Manchester City Council, said: "We see development of this type making it even more difficult to achieve regeneration in the inner parts of the city. A large peripheral development appealing only to people who have cars is not doing anything at all in our view in net terms for urban regeneration."

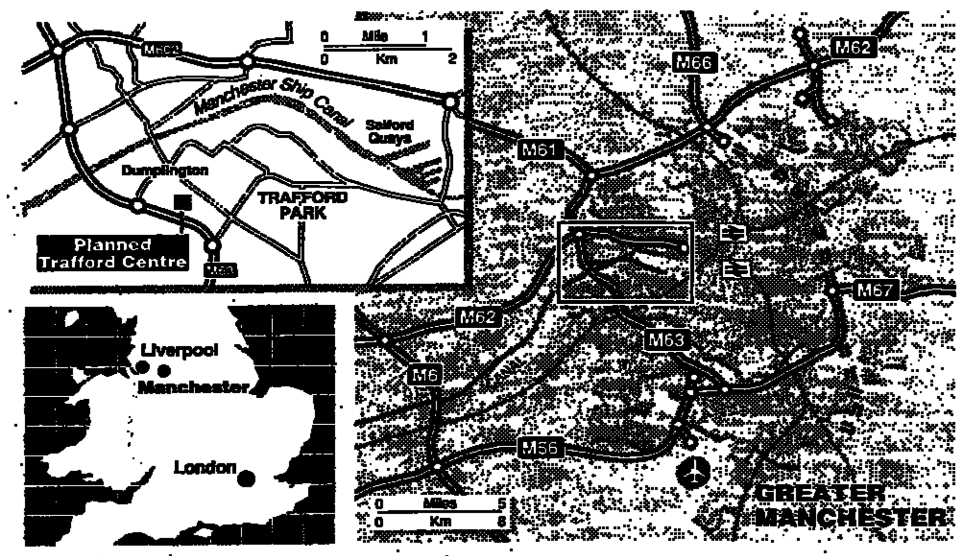
Mr David Brown, president of the Manchester Chamber of Trade and manager of the city's Arndale Centre, said: "Something like this will have an effect on all levels of trade in the city of Manchester and other surrounding towns and will inevitably lead to job losses in the city centre. It will affect the big multiples and the small guys."

Mr Brown said there was already a "massive choice" of retail outlets in Manchester and the 10 large towns in an outlying 10-mile radius: "There isn't really a need for another major shopping complex of this size." The free car parking likely to be part of Dumplington was of particular concern. The consortium for which Mr Kaiserman speaks includes P&O, owners of Manchester's Arndale Centre, MEPC, Land Securities, Norwich Union and Shudehill, a company formed by the Co-operative Insurance Society and the Co-operative Wholesale Society.

Shudehill has planning permission from Manchester City Council for a 500,000 sq ft retail development on a rundown site it largely owns beside the Arndale Centre. Mr Kaiserman said Shudehill had indicated it would have to reconsider its plan in view of the Dumplington decision.

Boots, the chemists chain, said it was opposed to the Dumplington development because of concerns about how it would affect city-centre shopping.

Mr Roger Tym, a development economist representing Boots, said several other retailers and developers were also opposed to the centre: "In short, it's not over yet."



He said there was evidence that similar out-of-town developments such as Lakeside, Meadowhall and Merry Hill had damaged city-centre trade.

"At Lakeside, one major national retailer has found that 95 per cent of its new store trade had come from other stores within a fairly tight circumference of that development," he said.

Dixons, the electrical retailer, and Marks and Spencer, the food and clothing retailer, said yesterday they would probably examine the development, although both have several large stores in the Manchester area.

However, Trafford Metropolitan borough council, in whose area Dumplington lies, welcomed the decision by Mr Michael Howard, environment secretary.

Mr Michael Crawley, senior assistant director for planning, said it would contribute to regeneration at Trafford Park and complement rather than adversely affect other centres.

Early retirement pensions at Mirror

TRUSTEES of the Mirror Group Pension Fund yesterday announced the reintroduction of early retirement arrangements for both active and deferred pensioners. These were suspended following the discovery of more than £440m missing from the pension schemes of companies controlled by the late Robert Maxwell.

The arrangements will be available from the age of 56 to people who have completed 25 years service. Those aged at least 60 will be allowed to commute part of the pension for a lump sum.

Deferred pensioners who had at least 25 years service before they left the company will have similar arrangements available to them.

Sullivan buys into soccer club

MR DAVID SULLIVAN, publisher of the Sunday Sport newspaper, is diversifying into football. He and Ms Karren Brady, the publishing company's marketing director, are heading a company called Roldvale which is buying 84 per cent of Birmingham City Football Club for an undisclosed sum.

The club went into receivership when the previous majority shareholders, the Kumar brothers, involved in Manchester textiles, became bankrupt.

New leader for Ulster party

DR Philip McGarry, a consultant psychiatrist, is to be the chairman of Ulster's non-sectarian Alliance Party. His appointment follows the resignation of Mr Addie Morrow who said he was disillusioned with the province's tribal politics.

Mr Morrow, 63, a farmer from Castlereagh, Belfast, was a founder member of the pro-Union party set up in 1970 with a Protestant and Catholic membership.

Six years of wrangling yield results

By Ian Hamilton Fazey and Vanessa Houlder

IN 1985 Mr John Whittaker, now chairman of Peel Holdings, spotted that the ship canal's potential owed more its land along the canal banks than its stevedoring operations at Ellesmere Port and Runcorn.

The 300 vacant acres of land at Dumplington, near Barton Lock, was the jewel. More than 7m people lived within an hour's drive, making it perfect for a retail and leisure centre.

Mr Whittaker spotted a weakness in the ship canal company's share structure. There were 8m shares, split evenly between the ordinaries and the much less valuable preference shares, but they carried equal voting rights.

He bought preference shares and in 1986 was forced to bid when his total holding passed 30 per cent. By this time institutional investors had woken up to the potential and the price of the ordinaries rocketed from £7 to about £18 each. After months of struggle Mr Whittaker's stake passed 50 per cent and he took control at an emotional meeting in 1987.

He immediately sacked the chairman, Mr Nicholas Berry, then chairman of Harrap, the publisher, who had been brought in only months before to lead a rearguard action against Mr Whittaker.

But Mr Whittaker did not have a majority of the ordinary shares and six years of wrangling began.

The end of the 1980s property boom strained Mr Whittaker's personal resources and forced him to transfer ownership of the canal from his private family businesses to Peel Holdings, a quoted company.

He kept trying to buy out Mr Berry and his allies but, as property markets faltered, could not manage their final price of £25 per share, plus a bonus of £5 per share if Dumplington ever got planning consent for the retail centre.

Also in the way stood Regatta, a group of several rival property companies which had similar land on the other side of the M63. Planning inquiries, however, found for Dumplington, provided the ship canal would pay to widen Barton Bridge, a 1½ mile, high-level viaduct carrying six lanes of the motorway over the canal. The Department of Transport felt the retail centre would create a traffic bottleneck.

This was in 1991, but everything stalled because the Salford, which owned the land needed for the pillars that would carry the wider bridge, refused to co-operate with the project. It had been involved with the consortium that lost at the inquiry.

The ship canal retaliated by challenging the traffic assumptions on which the bridge-widening order was based. By winning its argument this week, planning consent had to be given yesterday, nearly eight years after Mr Whittaker entered the fray.

Mr Berry, minority shareholder in the ship canal, said the decision vindicated his patience. He said it removed uncertainty about the shares' value and might prompt further discussion between himself and Peel about the sale of his holding. In the last month Peel raised its stake in the ship canal to 82 per cent by buying a 6 per cent stake from British Coal's pension fund.

The importance of planning permission to the company's value was demonstrated by yesterday's £3.20 jump in ship canal shares to £20 and a 31p rise in Peel's share price to 200p. In 1990 valuers considered that the land, which has a book value of £15m, would be worth an extra £35m with permission.

Bull Ring redevelopment clears regulatory barrier

By Paul Cheeseright, Midlands Correspondent

THE last significant regulatory barrier to the redevelopment of the Bull Ring, the most conspicuous and inhospitable example of Birmingham's 1960s city centre building programme, fell yesterday.

Mr Michael Howard, environment secretary, gave authority for compulsory land purchases to make possible the assembly of a 26-acre site to create a shopping and business complex. The Rotunda office tower, which has glowered over Birmingham's skyline for a generation, will be demolished.

London & Edinburgh Trust, the Swedish-owned property group that owns the Bull Ring, will start detailed discussions with Birmingham City Council about design and construction of a new complex, for which outline planning permission was granted in 1990.

Noting that it had taken six years to complete the planning process, the trust said: "It will take at least as long with a following wind to realise the scheme itself." The City Council said the scheme has "got to wait until the economic climate is right".

The redevelopment will cost about £500m and LET has to put financing in place. It also has to find tenants for the two department stores included in the 1m sq ft shopping complex and for the new 300,000 sq ft of office space based on a tower replacing the Rotunda. The Bull Ring, with its tired angular concrete and bleak subways, is a longstanding butt of criticism.

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Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday March 6 1993

Mr Lamont's mountain

OPTIMISM HAS been back in fashion this week, certainly in the stock market, where the indices have been hitting new highs in London and – almost – New York. Investors, it seems, are becoming less inhibited by the patchy evidence of underlying economic improvement. In the UK, new houses have started to sell faster and the car market is coming off the bottom. Against that, the astonishing news that workers for Sheffield City Council have voted to accept a 3.25 per cent pay cut is evidence of the weakness of the labour market as well as the growing realism of workers. Even in the US, where the recovery is much better founded, some of the data is looking less bouncy.

The underlying explanation for stock market buoyancy is not to be found in the real economy but in the remarkable surge in bond markets around the world. Yields on dollar and D-Mark bonds have dropped by half a percentage point over the past month. Little has been happening to short-term interest rates so far – although the Bundesbank is sending out ever-clearer smoke signals that a cut in its officially posted rates is imminent – but long-term rates have been tumbling.

Gilt-edged yields have fallen a little less rapidly than those in many other government bond markets, yet even so their showing represents an unexpected bonus for Mr Norman Lamont as he finalises his Budget. Last autumn, when gilt-edged yields reached 9½ per cent, the fear was that the 1993-94 fiscal deficit might look intimidating. Today the market is eagerly lapping up gilts on yields of well under 8½ per cent. The pressure is off, and in this mood the markets might scale a borrowing Everest. But the chancellor would be unwise to take his good fortune for granted.

Sterling, too, has bounced off the bottom. From a low of around DM2.33 last week it has flipped back up to DM2.41, partly on a Bank of England declaration that the UK would not follow D-Mark rates downwards.

Continental alarm

Concern in continental Europe about the recession now setting in has turned to something closer to alarm. Grim figures from Philips on Thursday confirmed the structural inadequacy of much of European manufacturing industry, which has been made worse by currency overvaluation.

In the past the Bundesbank has been prepared to cut interest rates very sharply when the German economy has turned weak. Once it is confident it has broken the back of inflation, there is scope for short-term rates to come down a long way. For the financial markets that implies a weakening of the D-Mark and the other ERM currencies, and suddenly British assets are beginning to look more interesting as the conviction becomes more widespread that sterling may have turned.

The UK is some way ahead of the Continent in the cycle of recession, so that although the past few days have seen Barclays Bank writing off an unprecedented £2.5bn in bad debts, at the same time share prices in general have been advancing to new peaks. The cautious money may now try to tap into the upsurge in UK financial assets, but bolder spirits may try to anticipate the eventual turnround in Germany and France.

UK implications

For the UK, the continental recession has conflicting implications. The release of financial resources across Europe will bring down interest rates and exchange rates, reducing some of the Bank of England's fears about imported inflation. Surplus capital flows will make it easier for the British government to attract foreign finance for its deficit. On the other hand, the prospects for exports are obviously damaged, despite the gains in competitiveness that have been brought about by the escape from the ERM.

Whatever the financial green shoots, employment prospects have become scarcely less grim. Social strains are growing. And this week has brought a rare dispute at Ford, as the company seeks to exploit its greater bargaining power in a rapidly weakening labour market. A symbolic statement of the dramatic shifts taking place in the global economy has come with reports that the Ravenscraig steel plant so controversially closed down is likely to be shipped to Malaysia and reassembled by an Indonesian company.

So although the London stock market is making new highs the momentum is not great, with the FT-SE 100 Index up less than 3 per cent since the beginning of January. In the UK bonds are outperforming equities so far in 1993, as they have in most other countries for the past two years.

The markets are in long-unexplored territory here, because gilt-edged yields are lower than for 20 years. The evidence from the US, however, is that the buoyancy of the bond market can survive even a reasonable economic upturn, although the US bond market has at least had the benefit of promises (though not the fact) of greater fiscal virtue. For gilt-edged the global bull market in bonds has brought unexpected stimulus, but Mr Lamont will still have to do his stuff.

A lack of capital for small businesses in the UK could lead to a joyless economic recovery, says **John Plender**

Caught in a double bind

Rarely has it been so uncomfortable, in business, to be small. That much is clear from the huge provisions announced over the past fortnight by the British clearing banks against their lending to small companies. While British Gas was able to raise £400m in the bond markets this week at the drop of a hat, small borrowers lucky enough to have survived thus far in the recession have been warned, in a recent speech by Midland Bank's chief executive Mr Brian Pearse, that they are a poor commercial proposition for the banks. Given that small firms play a disproportionate part in job creation, bankerly restraint in the sector could point to a joyless economic recovery.

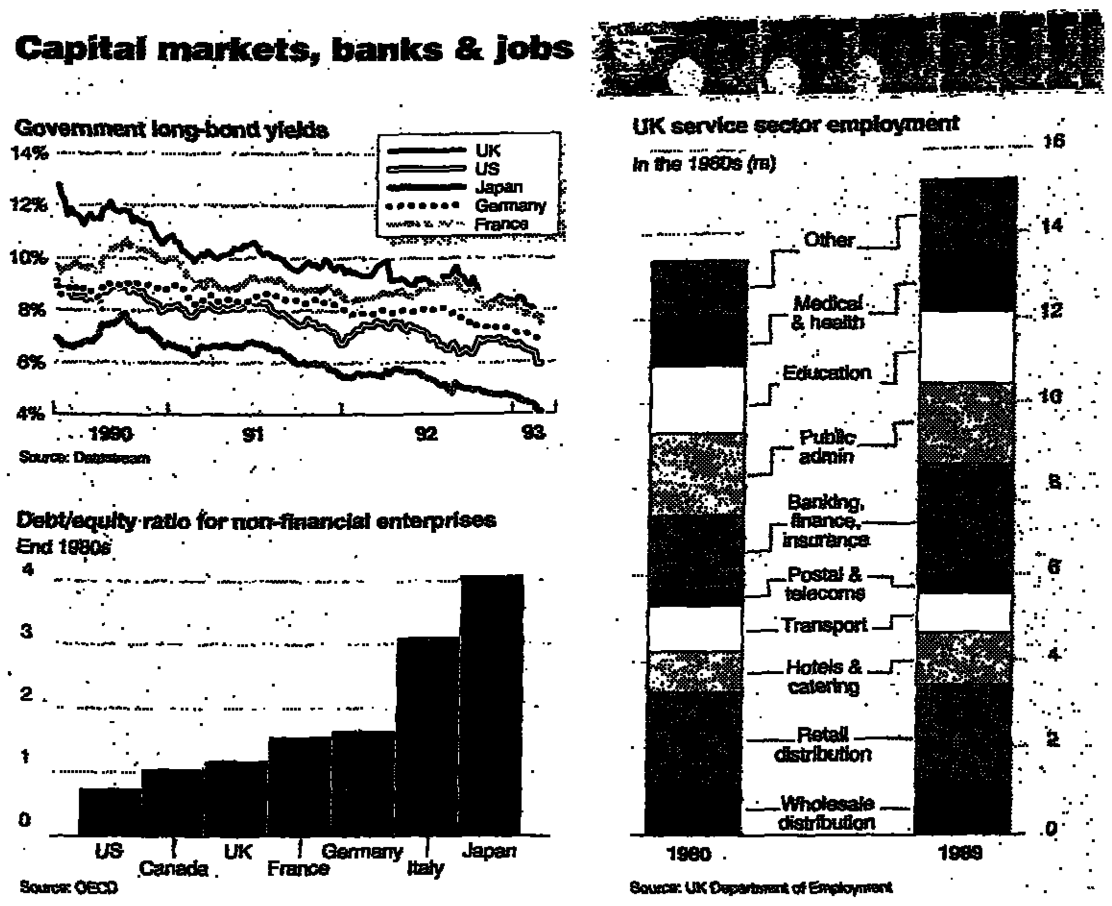
In the UK, small firms are suffering a far worse fate than in the recession of the early 1980s. Then, the squeeze was transmitted through an overvalued exchange rate, so that the recession was largely confined to the tradeable goods sector of the economy. Today, in contrast, the damage has been done by high interest rates, as well as by the exchange rate, with the result that purely domestic businesses in the service sector have been savaged as well.

Now that rates have fallen and sterling has come out of the European exchange rate mechanism, many small businessmen complain that they are being squeezed in other ways, as the banks increase charges for each and every service. In an emotive debate, marked by claim and counter-claim, banks like the Royal Bank of Scotland have not helped their case by offering bonus schemes for employees who find ways of burdening clients with new fees. But the more fundamental question is whether a credit crunch in small business poses a wider threat to the economy.

A credit crunch is a controversial concept. Bankers are usually reluctant to admit that they are turning down creditworthy customers. They are prone to ask: how can credit be scarce if interest rates are falling? That rhetorical question does not, of course, preclude the possibility of a crunch in individual sectors of the economy; and there is plenty of anecdotal evidence that in the over-indebted economies of the US, Britain and Japan there has been a real constraint on lending to property and small business.

It should, nonetheless, be common ground that bankers are nervous about the pricing of their loans both to property and small business in relation to the perceived risks. They also feel an urgent need to rebuild their capital after the huge losses they have incurred in these areas. That need is made more pressing by the new capital ratio requirements of the Bank for International Settlements – the introduction of which could hardly have been worse timed for recovery. Similarly, it is beyond dispute that the response of both consumers and businessmen to an overhang of debt is one of extreme caution before borrowing further. The result is that corporate finance has become polarised as never before between big and small companies.

The cost of capital is now falling sharply across the developed world as bond prices soar, causing yields to fall (see chart). The equity markets are following suit; and in the English-speaking economies, big companies are enthusiastically raising fresh equity and debt. Since they are often more creditworthy than their bankers, it also pays them to issue short-term IOUs directly in the markets instead of borrowing from banks. In contrast, small businesses, which are excluded from the capital markets, are caught in a double bind. Not only are the banks disenchanted with them. The property collateral that underpins so much small firm borrowing is shrinking because property is the other big source of bankerly disenchantment.



The message in this for the UK is that a credit crunch will not be a constraint on any export-led recovery, since it is the larger manufacturing companies that spearhead the export effort. But there will certainly be a problem for job creation, because higher productivity in manufacturing means that jobs are less easily generated there than in services. Normally, the higher disposable incomes generated by productivity improvement in manufacturing would benefit the service economy. But if the banks have pulled in their horns, the benefit will be less than it should be.

In one sense, this is simply a new version of an old British problem. When the Bolton committee produced its report on small firms in 1971, it found that the small business sector in Britain was in a deeper decline than in any other industrialised country. Things appeared to improve in the 1980s when there was a sharp upturn in small business formation and much talk of an entrepreneurial culture. And indeed, between 1980 and late 1992 the service sector, which includes most small businesses, was the exclusive generator of new employment in the economy, producing more than 1.5m net new jobs.

During that time small business increased its share of all employment from 59.6 per cent to 71.6 per cent, while manufacturing declined from 30.3 per cent to 21.2 per cent. Within that shift, Whitehall estimates that small business created around 1m jobs in the second half of the 1980s. Yet on closer examination, the striking thing about the figures is that the service industries that generated the biggest job growth were not ones in which small business was obviously predominant.

Banking, finance and insurance produced the largest number of jobs (see chart) at 1.1m, which owes much to the sharp growth in tradeable financial services in large institutions in the City of London. Healthcare, chiefly the National Health Service, was the next biggest identifiable sub-sector, accounting for jobs growth of a further 500,000. Only in the next fastest-growing sector – hotels and catering – which added 390,000 jobs, did the small business sector make a significant contribution through family-owned hotels and restaurants.

This looks paltry when compared with the US, even allowing for the fact that the US economy is six or seven times bigger at today's exchange rates. There, new start-ups alone created 12m jobs in the 1980s and the service sector produced 20m jobs overall. In continental Europe, small business has long been more vibrant than in the UK. The Mittelstand, Germany's small to medium-sized business sector, is the backbone of its tradeable goods sector. Private Italian family business is a principal component in Italy's export success. It seems probable that in Britain in the 1990s the banking constraint is squeezing a sector that remains weak by the standards of the rest of the developed world. What can be done to mitigate the damage?

The obvious immediate remedy is to follow the US precedent, whereby the Federal Reserve has helped restore the profitability of the banking system by encouraging banks to expand their holdings of government bonds. If the yield curve is reasonably steep, with a large gap between short-term money market rates and longer-term bond rates, banks can borrow cheaply and invest profitably in Treasury paper at a higher rate. This has already put much of the US banking system back on its feet and helped restore bank capital.

The trouble with this approach in Britain is that the yield curve is not as steep as the banks might wish and the risks are higher. The US banks are borrowing short and lending to the government a little longer. This, in bankerly argot, constitutes maturity transformation: the mismatching of the respective maturities of assets and liabilities. If short-term interest rates rise unexpectedly, the banks would incur losses.

The risk has not been great in the US because the Fed clearly indicated that the enhancement of bank profits was an implicit goal of its monetary policy. But in Britain the Bank of England, unlike its US counterpart, regards the government's own debt as carrying an element of risk for the purposes of calculating bank capital ratios. And not without justice, particularly today, when monetary policy is in such a muddle. Conflicting signals emerge from Number 10 Downing Street, the Treasury and the Bank of England, and the markets show the utmost scepticism about all official pronouncements.

As yet the banks and building societies still hold only 6 per cent of the outstanding stock in the gilts market. While the figure seems likely to rise, it will probably take significantly lower short-term rates to make the yield curve look more tempting to the banks. Even then, it seems unlikely that British bank holdings of government paper will approach US levels because the risks are simply too high. It follows that other approaches will need to be explored.

Mr Pearse of Midland Bank has put forward a thoughtful agenda, which includes proposals for reducing small companies' overdependence on short-term debt and encouraging the provision of more equity capital to small business. It is hard to quarrel with either point. As the chart shows, the financial problem for British businesses is not that balance sheets are overburdened with debt. British companies borrow less than most – although the government's loan guarantee scheme has encouraged smaller businesses to overborrow. The trouble is that, whenever a promising generation of businesses emerges, an exaggerated boom-bust cycle always wipes out the potential equivalent of Germany's Mittelstand.

All history suggests that the only sensible way to make financial plans for a small business in Britain is to assume that, when Mr Major next reshuffles his cabinet, he will find a worthy successor to Maudling, Barber and Lawson to embark on yet another dash for growth, and that the next grinding change of monetary gear will take place in the second half of the 1990s. Against such a background, overdraft finance leaves businesses too vulnerable to panicky bankers. Hence the case for longer-term financing. Equity, meantime, provides a cushion against monetary volatility.

The snag is that small business entrepreneurs are notoriously reluctant to permit outside interference in their business and equally unhappy to cede any degree of control over the equity capital. So it will take a big change in small business attitudes, as well as a change in financing habits, to deal with this Achilles' heel of the British economy. A stable monetary environment would be infinitely preferable to a panoply of government loan schemes, fiscal incentives for equity investment and the rest. But Britain's remaining small businesses will doubtless feel, by now, that such stability is too much to hope for.

MAN IN THE NEWS: ***Antonio Di Pietro***

Long arm of the computer

In Italy, the country that nurtured Machiavelli, nothing is taken at face value. A conspiracy theory is always the preferred explanation.

Sooner or later, the corruption scandals now enveloping Italy's political and business elite were likely to be seen in a conspiratorial context. The most fanciful theory is that a CIA plot to undermine the European Community's efforts to forge closer ties has started in Italy, the weakest of its 12 member states.

This week Mr Bettino Craxi, the former Socialist leader who wants to prevent parliament from waiving his immunity to face corruption charges, came up with his own theory. He claimed that magistrates in Milan were investigating him as part of a co-ordinated plan to decapitate his party's influence. He insisted one set of magistrates, headed by his main accuser, Mr Antonio Di Pietro, was part of a Catholic reform group with links to the grand master of Italian manipulation, Giulio Andreotti, the Christain Democrat who served as premier seven times. Another set, Mr Craxi claimed, was linked to sympathisers in the former Communist party, now the party of the Democratic Left (PDS).

Mr Craxi, with some justification, may feel he is being made the principal scapegoat for a profoundly corrupt politico-economic system. But it is self-seeking to regard the Milan magistrates, and Mr Di Pietro in particular, as conspirators. The circumstances of the investigation and the credentials of magistrates such as Mr Di Pietro suggest the widening corruption scandal is not the result of a conspiracy – international or otherwise – but rather the product of good police work, new investigative methods, the failures of the postwar political establishment and a growing public consensus against the corruption.

Those familiar with the investigation are convinced the magistrates are inspired by a determination to clean up political wrongdoing. "Rather than punish individuals, they want to end an entire system that has dominated Italian life," says Mr Roberto Mongini, a Christian Democrat lawyer in Milan who was one of the first to confess to accepting bribes.

Di Pietro's origins are outside of that system; he is not a typical magistrate, many of whom owe their careers to political patrons. Born in 1950, he comes from the humble agricultural world of southern Italy. He joined the police force after doing a seven-month stint in Germany as a "guest worker" in a factory. He graduated into the judiciary, becoming in the mid-1980s a Milan magistrate, whose role is essentially that of a detective preparing evidence for prosecution.

His first big case was to break a driving licence scam which had been ignored because no one had been able to knit together the complex threads of the case. He noticed from police reports of trucking accidents that many of the drivers had obtained licences from a handful of driving schools. On investigation, one school was found to have passed 10,000 drivers in a year.

The documentation was voluminous so the magistrate had to learn how to use computers. In one of several books just published about Di Pietro, he says he fed in 30m pieces of data onto floppy discs to break the case. Though computer cross-referencing and solid detective work, 125 people, mainly driving-school owners and officials in the Milan vehicle-licensing department

were brought before the courts. Only 11 were acquitted.

This gave Di Pietro a taste of how the computer could revolutionise investigative work. His computer expertise subsequently led him to be called in to solve a case of hacking at Milan University. But according to a colleague, the case also gave him insight into how corruption was working at all levels of Milan society. "If it happened with driving licences, surely it was happening with everything else."

The computer programme for breaking the driving licence case was code-named Perseus, after the mythical hero who cut off the Medusa's head. But Di Pietro discovered how corrupton had spread when, in 1988, he investigated a bribery scandal in the purchasing department of a Milan municipal transport company, ATM. This involved the payment of up to 5 per cent commission on orders, the sums being agreed between transport officials – whose jobs were owed to the main political parties – and the suppliers. The accused were brought to trial in 1991.

By this time, Di Pietro and fellow magistrates had acquired a formidable computerised dossier of suspect officials, politicians and contractors. Early last year, when a small contractor complained to the police that he was being asked to pay a 10 per cent bribe on a cleaning contract by Mr Mario Chiesa, the Socialist head of an old people's home, a trap was set. Chiesa was already on the files, as were some of his associates.

Since then, the investigation has snowballed, largely on the strength of computer-based information. Some of the main leads have come by breaking the codes in floppy discs confiscated from arrested politicians, officials and businessman. This vast accumulation of data has also had an intimidating effect; it has persuaded many of those under investigation to co-operate.

But Di Pietro has also proved a "good cop" in the traditional sense, cleverly assessing the psychology of those accused. "He's a magistrate I would wish no one to find themselves in front of," says Mr Mongini, who confessed after being interrogated by the magistrate.

Indeed, an important feature of the recent scandals is the number of people who have admitted their involvement. As the magistrates do not hesitate to resort to preventive detention in prison to make people talk, more and more are coming forward to cut bargains with the law – especially businessmen who have paid the bribes.

Thus the magistrates have been able to break the *omerta* – the law of silence – which businessmen and politicians have observed in postwar Italy while operating a system of bribes and corruption which everyone tolerated. But Di Pietro and his fellow magistrates only bring cases to the courts. The growing political debate over possible pardons for the offenders is out of their hands.

Robert Graham

President Clinton is proceeding with caution until a solution to the conflict in Bosnia becomes clearer, writes **Jurek Martin**

America searches for the right thing to do

There is a serious public debate in America over what course the new Clinton administration should take towards the war in Bosnia. It has been heightened this week by the first US air-drops of relief supplies into eastern Bosnia, by more vicious Serbian assaults, by the resumption of peace negotiations at the UN, and even by the suspicion, exacerbated by some typically offensive remarks by Radovan Karadzic, the Bosnian Serb leader, that the bombing of New York's World Trade Center last week might have its roots in the Balkans.

But it is a debate with more opinions than solutions, as President Bill Clinton, no longer a candidate inclined to argue in favour of intervention on the Moslem side, is finding out. This week alone has seen a catholic range of public commentary.

"The main problem with my idea of limited western intervention to create a fair fight in Bosnia is that I can't sell it to anyone in power." So wrote, despairingly, Les Gelb, the New York Times's foreign affairs columnist. Even if President Clinton bought his arguments to bomb the Serbs and arm the Moslems, he added, "he would have a very tough time getting western Europe, Russia or the UN to go along".

In the Washington Post, Henry Kissinger, no less, took a more positive view, though with several caveats about retaining the option to use force. The former secretary of state wrote that "as a way to devise an honourable diplomatic role for the US ... the Clinton administration's position on the Bosnia negotiations is extremely skilful and deserves support".

An editorial in the Los Angeles Times neither wept nor thundered. "The time has come to accept the fact that Serb aggression in Bosnia will not be stopped any time soon", the newspaper observed with resignation.

Those with intimate knowledge of Bosnia had their say in breakfast briefings. Fred Cuny, the hard-nosed consultant on humanitarian issues who was influential in persuading the Bush administration to intervene in Somalia, reported that the objective circumstances for a settlement in Bosnia still did not exist because all the warring parties "unrealistically think they can still win". He would not arm the Moslems, because it would only make the violence worse, but would compel the Bosnian Serbs to stop shelling Sarajevo.

General Brent Scowcroft, President Bush's national security adviser and old Yugoslavia hand, was sniffy about the air-drops and wary about greater US engagement unless the conflict widened. He would tighten the economic screws on Serbia by helping Romania sustain the Danube river traffic embargo. In the Gulf, he argued, US vital interests were clearly seen and militarily achievable: in Bosnia, no way out for the US ever presented itself while he was involved in policy. He thought that President Clinton was coming round to the same conclusion.

This proliferation of different advice attests to the lack of any groundswell of opinion behind a particular course of action comparable to that before the Somali and Kurdish interventions. This week, national attention has been diverted by the violent siege of a heavily armed religious sect in Texas. There has been some vivid reporting from Bosnia, especially by John Burns of the New York Times, but the words and pictures have not always commanded the top of the news lists.

To a degree the diffusion of argument has helped the administration, which has been given some time to devise its own policies and to concentrate on its first order of business, the selling of the president's economic programme. But, reflecting Mr Clinton's own compulsion to explain everything, it has, unlike its predecessor, not been reticent in talking about its aims.

When Warren Christopher, the secretary of state, announced the new US diplomatic and humanitarian approach to Bosnia three weeks ago, he did so after a long preamble covering past mistakes, moral issues, and a very definite assertion of a US strategic vital interest – not because of the importance of Bosnia itself but because it was a part of Europe, and European security was essential to the US.

Last week, Ms Jennone Walker, of the national security council, went further in defining the US commitment to European security. She talked of the imperative of engaging Russia as an active military partner not only in the Balkans but elsewhere in continental conflict resolution alongside US troops and in various combinations involving Nato, the Western European Union, the Conference on Security and Co-operation in Europe, and the United Nations.

But the hypothetical generalities of a new European security order do not specifically address the difficulties of coming up with a workable and particular Bosnian plan. The air-drops are, the administration concedes, only a supplement to ground convoy relief, though symbolically important because they demonstrate the US willingness to get involved.

The New York negotiations are trickier. While assigning Reginald Bartholomew, the veteran diplomat, to participate in the Vance-Owen peace process, the administration is publicly sceptical about the Bosnian "map" drawn up by the UN and EC negotiators. Mr Christopher bluntly said that it needed simplifying.

The moral reservations – that Serbian aggression and ethnic cleansing are being rewarded – are much less than the practical considerations of the extent of the US role in monitoring a peace agreement covering 10 semi-autonomous provinces with disputed borders. Aware of the beckoning quagmire, Mr Christopher insisted that the US contribution to peacekeeping operations might place greater emphasis on air power and not require as many as 15,000 ground troops.

But that number is still the minimum working hypothesis in the UN and it represents a US deployment that the administration would find hard to sell politically and to its own military high command. Every time Mr Clinton and his secretary of state are questioned over Bosnia, they are asked about how many US ground forces are going to be put at risk.

Mr Christopher has frankly admitted that Serb territorial gains were unlikely to be rolled back completely in any settlement requiring Serb signature. Swallowing this reality might be difficult, but Mr Cuny makes the point, which the negotiators may explore, that the Moslems still hold most of the valuable agricultural, mineral and commercial land, which, if retained, could form the basis of a viable new Bosnia within defensible borders.

But a settlement is not in place and is even further from guaranteed acceptance by the warring parties. In its absence, as Messrs Clinton and Christopher repeatedly make clear, the option of doing nothing has been rejected not only for humanitarian reasons but because if the US is not active nobody else will fill the void. Only the US can get a positive Russian contribution: only the US can ginger a rudderless Europe into doing more than mostly wringing its political hands; only the US has the muscle to ensure that the frontline relief work of the UN High Commission for Refugees under Mrs Sadako Ogata, be recognised and lifted above the morass of UN bureaucratic infighting.

And, as a moving report by Mr Burns from beseiged Goradze attested, the US is also uniquely qualified to bring hope where it matters most. "To those who often eat no more than a slice of bread a day, all the cavilling that has greeted the air-drop seems irrelevant." Yet his newspaper buried his account on an inside page, an editorial judgment which reflects how hard it is for Americans to sense what is the best thing to do in Bosnia. It is no wonder Mr Clinton is proceeding with caution.

Sheffield makes a sacrifice

Ian Hamilton Fazey explains why city council workers voted to take a pay cut

There is an air of pride in Sheffield this week, where nearly 20,000 council workers have voted to take a 3.5 per cent pay cut in exchange for an hour off the working week or seven days' extra holiday, so as to avert 1,400 sackings.

"It's very, very positive," said Don Lyon, chief executive of H Turner & Son, one of Britain's few remaining locally owned wholesale newspaper distributors and former president of Sheffield Chamber of Commerce.

"They have behaved in an inspiring way," said Hugh Sykes, chairman of the government-funded Sheffield Development Corporation and a former Master Cutler – the title given to the yearly presidency of the Cutlers' Company, the ancient association of Sheffield manufacturers.

With a government-imposed spending limit of £366m, Sheffield has been struggling to set a legal budget for 1993-94. The city council warned at Christmas that about 1,400 sackings might be needed to save on the wages bill. Nationally, about 90,000 local government jobs will probably be axed over the next year.

The dilemma for the council was no different from that facing many others in England and Wales. The government is determined to keep council spending down so that the new council tax – the replacement for the poll tax – can be held as low as possible.

Rather than cut staff to keep within government spending limits, Sheffield decided to take another route. The council and the unions negotiated the pay-cut solution so that more workers would not be added to the city's unemployment rate of about 14 per cent.

Much of the credit is being given to Mike Bower, who became leader of the Labour-controlled council last April. Since 1980, he has organised the Co-operative Development Agency in Sheffield, which promotes the formation of workers' co-operatives. Before that he worked as a full-time official of the National Union of Journalists after a career on the Sheffield Star, the city's evening paper.

According to his colleagues, he is a skilled negotiator who rejects confrontation. He has helped set up 42 workers' co-operatives with about 300 employees in the past 12 years.

Despite Mr Bower's skills, the talks were not wholly successful. Shop stewards for nearly 2,000 manual workers in the works department launched a successful campaign for a No vote on the deal. Mr Bower has since been in daily negotiation with the shop stewards and is confident of forging a separate deal.

Another group of town hall workers who voted against the wage cuts later reversed the decision. They comprised 529 members of Cohse, the health services union.

"The person who explained it initially hadn't been at the negotiations," one council employee said. "Once the background was understood, there was overwhelming support."

The reversal improved overall support for the controversial pay cut to about 61 per cent of the workforce. With the exception of the works department, it will now be universally imposed. Voting figures, however, showed more enthusiasm for the deal among white-collar workers than blue-collar ones.

Nalgo, the main office workers union, voted 65 per cent in favour, compared with 53 per cent among the GMB general union. Nupe, which represents lower-paid manual workers, showed 57 per cent support, while members of the Transport and General Workers Union were only just in favour, at 51 per cent.

Some council staff remain unhappy, feeling that the city should have found a way of persuading the government to raise the ceiling on its spending. But most did not see this as a serious option because of the government's determination to hold down local government spending. Others – mainly lower-paid workers – said they voted against the proposal because they personally could not afford the cut.

But despite opposition, the deal has brought plaudits for its principal architect. At a breakfast meeting this week, Mr Bower was congratulated on doing a good job for Sheffield's image by leaders of the Cutlers' Company, the Chamber of Commerce, the development corporation, and the city's two universities.

Much government funding for Sheffield comes through the development corporation, which receives £20m-£30m a year for economic revival. It is now developing office blocks, which Sheffield needs to attract white-collar jobs.

Mr Lyon, chairman of the Sheffield Partnership, a forum of public and private sector activists, says that over the longer term the council will have to shed white-collar jobs. Unless the city can attract companies through the provision of quality offices, the likelihood of their finding jobs is remote. "No one would willingly add to unemployment at the moment," he says, "but longer-term the council will have to reduce numbers to fit its size as an enterprise."

Ironically, Mr Bower agrees. He says the council has too many layers of supervision and management and this is where he expects long-term reform to make the most impact on jobs.

"We need to cut the cost of services without cutting the services," he said. "We can devolve much more responsibility down the line. My experience in the co-operative movement has taught me people will behave responsibly if they are given responsibility."

Many will feel this week's ballot underlines his point.

Towers of strength at a time of disaster

Nikki Tait and **Karen Zagor** on three of New York's finest

Disasters have a knack of catapulting individuals into the limelight – and the blast which rocked New York's World Trade Center complex last week was no exception.

Three men have captured both the city's and the nation's attention: Stanley Brezenoff, the burly, 55-year-old executive director of the Port Authority of New York and New Jersey, which owns and operates the World Trade Center complex; Raymond Kelly, the veteran New York city policeman who became the city's 37th police commissioner in October; and James Fox, head of the Federal Bureau of Investigation's New York office.

These three spearheaded an emergency response which has been widely viewed as efficient, humane and relatively free of strife between different public agencies. Whether such commendation would have persisted had investigations flagged or further incidents occurred is open to question. In the event, Thursday's arrest of Mohammed Salameh, a Moslem fundamentalist, placated most critics.

The division of responsibilities quickly became clear. After an inter-agency meeting at Mayor David Dinkins's offices last Sunday morning, Brezenoff, crumpled and in a cardigan, emerged to handle questions about the safety of the seven-building complex and the tenants' fate.

Visitors to New York usually associate the Port Authority with a notoriously sleazy the bus terminal on 8th Avenue. Even New Yorkers think of it principally in terms of the PATH (Port Authority Trans Hudson) train system which connects New Jersey with Manhattan. But the PA is a massive agency, with a $2.7bn annual budget and jurisdiction over the region's airports, tunnels, bridges and harbour operations, as well as five industrial parks and the WTC.

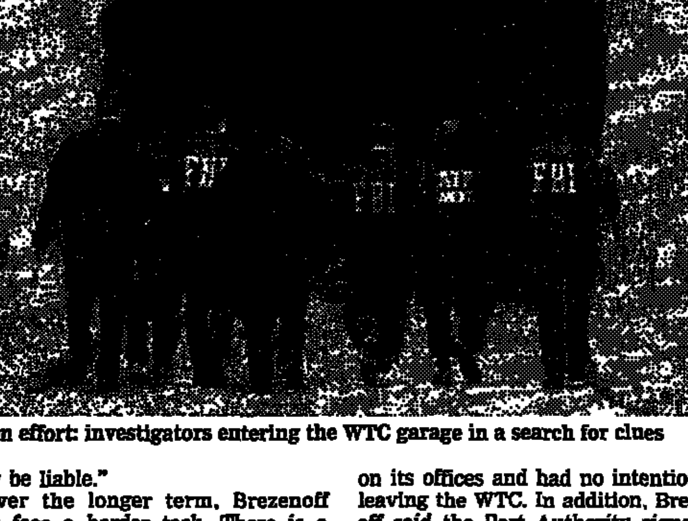
Brezenoff himself was on the 67th floor of One World Trade Center, one of the twin towers which dominate Manhattan's skyline, when the blast occurred. He directed staff off the floor and helped carry a wheelchair-bound colleague down dozens of flights of stairs.

He reached the ground about five hours after the explosion, by which time the mayor's Office of Emergency Management, which co-ordinates the city's rescue efforts during disasters, had begun to act. Brezenoff went straight to the makeshift command centre set up in the devastated Vista hotel's ballroom.

Over the weekend, Brezenoff set up temporary headquarters in a nearby Marriott hotel and helped arrange for New York's futures exchanges, which share a trading floor at Four World Trade Center, to open on Monday.

Many of the WTC's largest tenants are big financial firms with other office locations nearby and could fend for themselves. For example, Deloitte & Touche, the accountancy firm, which had 1,200 people working on seven floors of one WTC tower, relocated them without the help of the Port Authority. New York state set up a $5m assistance scheme, providing interest-free loans for small businesses displaced by the disaster.

However, Brezenoff has found himself deflecting charges that the Port Authority ignored reports in the mid-1980s and 1991 which highlighted safety flaws at the WTC. Lawsuits were filed within days of the blast, and Brezenoff expects "these will multiply. We carry property damage and liability insurance which I believe will cover everything for which we may be liable."



Team effort: investigators entering the WTC garage in a search for clues

Over the longer term, Brezenoff may face a harder task. There is a question mark over future confidence in the centre, particularly if it acquires a reputation as a terrorists' target. By Thursday, The New York Times was reporting that three tenants or potential tenants of the WTC – Rollins Hudig Hall, an insurance company, Bank of America and Fiduciary Trust, an investment bank – were reconsidering leasing space or extending their leases in the downtown location. Brezenoff responded quickly, arranging for Fiduciary Trust's chairman to lead Thursday's daily press briefing with a declaration that the company was concluding negotiations for a second 20-year lease on its offices and had no intention of leaving the WTC. In addition, Brezenoff said the Port Authority signed a new lease within days of the blast for a 7,000 sq ft restaurant in the centre.

Public wariness may also have been allayed by the fact that the investigation into the bombing is being handled jointly by the FBI and the New York Police Department's bomb squad, one of the oldest and largest US municipal forces.

The NYPD has emerged with its reputation enhanced over the past week, thanks largely to Police Commissioner Raymond Kelly. The Irish-American grew up on Manhattan's West Side, once worked as a stock-boy at Macy's department store, and has been with the police department for three decades.

Nevertheless, his appointment as commissioner came at a delicate time. Last autumn, police corruption was dominating the local tabloid press, and public confidence in the NYPD was at low ebb. Vocal sections of the police force claimed that their work was being undermined by city officials – in particular, by Mayor Dinkins – who appeared more anxious to support the city's many racial minorities than back the force.

The bombing is the first serious incident with which Kelly has had to grapple as commissioner, and it has neatly deflected attention from these thorny local issues. Kelly's public image as no-nonsense and straight-talking has been polished by his daily TV appearances, and for once the city is confronting an event on which public opinion is united.

James Fox, the FBI director, has remained a more enigmatic figure. Fox appears in the public eye during times of local crisis – most recently in February when a hijacked Lufthansa jet landed at Kennedy Airport – only to slip back into the shadows once the emergency has passed. In New York, Fox is best known for his comments after mafia boss John Gotti was convicted on murder and racketeering charges in April: "The Teflon is gone. The don is covered with Velcro, and all the charges stuck."

In spite of the apparent goodwill among the agencies, by yesterday, strains between city and federal law enforcement bodies were starting to show. There were recriminations that news leaks by federal officials had forced a premature arrest of Mr Salameh, and hampered investigations.

Nevertheless, co-operation between New York's public agencies this week reflects their cool professionalism under fire and may pave the way for closer relations in future.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Tax avoidance is for all – not just Mr/Ms Average

From Mr Martin B Kershen.

Sir, Since when has the right to take all possible legal steps to minimise his or her tax bill been restricted to the AVERAGE British citizen as stated in your leader ("John Birt Inc", March 2)?

Lord Tomlin's dictum, which laid down the accepted standard for fair taxation, actually read as follows: "EVERY man is entitled if he can to arrange his affairs so that the tax attaching under the appropriate Acts is less than it otherwise would be."

Are you suggesting that some tribunal be empowered to decide which citizen is to be classified as "average" for these or maybe other applications of the law?

Alternatively, you no doubt think it reasonable that such judgmental power may rest with the members of that fair-minded institution, the press, who would of course never stoop to arrange their affairs so as to pay the least tax legally possible.

Martin B Kershen,
Waverley,
587 Watford Way,
London NW7 3JG

A day for the Dunkirk spirit

From Mr Philip Mickelborough.

Sir, The FT calls it Black Wednesday, Sir Denys Henderson insists that it was Sunny Wednesday, and others describe it as Golden, White or Wise.

It was a retreat from an ill-prepared venture into Europe. It caused much financial bloodshed among those directly involved and those who gave support from Britain.

It was technically a defeat, but was soon celebrated as a triumph. It enabled this country to recover, and, we hope, go on to win the economic war.

It has, of course, to be Dunkirk Wednesday.

Philip Mickelborough,
39 Kingsbury Street,
Marlborough,
Wiltshire SN8 1JA

Smith pledge on human rights

From Mr Graham Allen MP.

Sir, While welcoming the warm reception you provided for John Smith's commitment towards incorporating the European Convention on Human Rights (Leader, March 3 1993), I must take issue with your assertion that a Ministry of Justice and a Commission on Human Rights would be "over-egging the pudding".

If a Human Rights Bill is to succeed, it will require a fundamental shift in attitudes. New institutions will have to be set up and old ones reformed if the transformation of our constitution and society is to be real rather than merely cosmetic.

For citizens to feel confident in the judges who protect their rights, there must be fundamental shifts both in their method of appointment and their training. Currently our senior judiciary are appointed by the Lord Chancellor's department in a process free from even the most basic scrutiny. That process must be made more open, and subject to review by the legislature – perhaps by a Legal Affairs Departmental Select Committee or Committee of both Houses.

The law, as defender of individual rights, will have to be made more accessible. A Ministry of Justice responsible for, but separate from, our legal system is a necessary prerequisite for genuine judicial reform. Accountability to Parliament could take place through a Secretary of State for Justice.

To assist ordinary people in their claims for redress, a Commission on Human Rights is vital. Citizens who have had their rights violated but do not have the time, expertise or financial means to pursue their case should be able to seek the assistance of the Commission where necessary.

In addition, the Commission would be capable of identifying areas of concern over rights, pursuing test cases and suggesting codes of good practice, in much the same way that the Commission for Racial Equality does in relation to anti-discrimination legislation.

Labour's Democratic Agenda, as expounded by John Smith on Monday, is radical and far-reaching. It seeks to challenge every part of our outdated and archaic constitution. Merely incorporating the ECHR and legislating for freedom of information is not enough.

Alongside must come a commitment to reviewing, and if necessary replacing, institutions devised before the advent of popular democracy.

Graham Allen,
Labour frontbench spokesperson on the Constitution,
House of Commons,
Westminster SW1A 0AA

Union bill sign of moral slide

From Mr Norman Willis.

Sir, The Citizen's Advice Bureaux report on growing exploitation of people at work ("Unfair dismissals increasing", March 2) must surely add to concern about the nation's moral decline. The way in which people are treated at work is just as important as behaviour outside.

The government is encouraging exploitation through its refusal to accept basic social standards set by other European Community countries and through the Trade Union Reform Bill which removes the limited protection of the Wages Councils and makes it harder for unions to help those being exploited.

Norman D Willis,
general secretary,
TUC,
Congress House,
Great Russell Street,
London WC1B 3LS

Whining and dining with the food-loving Belgians

From Mr Eric Boschman.

Sir, I was sorry to see that Jancis Robinson ("Baffling Belgians in the course of a meal", Weekend, February 20/21) has been left with the indelible impression that all Belgians behave as if we're more Catholic than the Pope in matters gastronomic.

We restaurateurs certainly have to hack our share of old fogeys here, and it sounds as if Ms Robinson met most of them on her truffle, *foie-gras* and wine-tasting binge in Leuven.

What bad luck some of them even took it upon themselves to pursue her to London. I'm sorry to say some members of the Belgian foodie press take themselves more seriously than we do.

It's a shame they're more impressed with ritual than content. Few have expertise to rival that of the FT's resident Master of Wine.

As president of Belgium's Association of Professional Sommeliers, raised in the business, I agree we take food and wine extremely seriously here. That's why many of us are dedicated to innovation on all fronts.

We like trying out the best from nowhere and elsewhere, and we do not vet our guests to check if they're worthy of our services.

I personally stock over three dozen new world wines, and Ms Robinson is welcome to try any or all of them with her soup any time.

It's easier to get a good, well-priced, attractive meal without stifling ceremony in Brussels than in London or Paris. Even the very best in the country wouldn't intimidate or bankrupt a young couple once in a while.

Ms Robinson should come to Belgium again. Next time, she should find out what's going on in the street and keep out of high temples of gastronomy where it's still heresy to drink wine for fun and have a good time.

Eric Boschman,
Le Pain et le Vin,
812a Chaussée d'Alsemberg,
1180 Brussels,
Belgium

COMPANY NEWS: UK AND IRELAND

Cookson to raise £185.6m via rights

By Paul Taylor

SHARES IN Cookson Group fell by 14p to 199p yesterday, after the industrial materials company confirmed that it is raising £185.6m through a 1-for-4 rights issue priced at 170p.

The proceeds of the rights issue, which has been underwritten by Lazard Brothers, will be used to repay debt, fund organic growth and make selective complementary acquisitions.

Cookson raised £83m through a rights issue two years, after an acquisitions spree in the late-1980s left it heavily burdened with debt. Since then a new management team has undertaken a substantial restructuring of the group, making selective disposals and refocusing it on four product divisions.

The company also yesterday announced pre-tax profits of £72.5m for the year to end-December, against a deficit of £7.9m last time. The comparisons have been restated to conform with accounting rule FRS 3.

The 1991 figure was originally reported as a profit of £34.4m. However, FRS 3 required the restatement of extraordinary items in 1991 to include goodwill previously written off to reserves on sale or termination of operations, and for these extraordinary items to be reclassified as exceptional items.

Turnover declined by 5 per cent to £1.24bn (£1.3bn). However, like-for-like turnover, adjusting for acquisitions, disposals and exchange rate movements, increased by about 3 per cent.

Earnings per share came out at 9.4p against restated losses per share of 8.4p in 1991.

An unchanged final dividend of 3p is proposed, maintaining the total for the year at 6p.

Operating profit before exceptional items increased to £94.5m, an increase of 26 per cent over a restated £74.6m in 1991.

About 80 per cent of the group's business is outside the UK and the effect of currency translation was to add £7.5m to sales last year and £1.1m to pre-tax profits.

All four divisions achieved increased operating profits after exceptional items. The electronic materials division showed a 66 per cent increase to £21.4m (£12.9m), while the ceramics division posted increased operating profits of £38.5m (£31.4m). The engineering products division turned in an £8.8m advance to £13.8m, boosted by the acquisition in April last year of the remaining 50 per cent of Stern Leach. The plastics division posted operating profits of £14.2m (£9.5m).

At the end of December the group had net borrowings of £341m, including £77m of convertible preference shares, an increase of £125m from the end of 1991. The main reasons for the increase were £55m of additional borrowings arising from the acquisition of the remaining 50 per cent stake in Stern Leach following the exercise of a put option by the former joint venture partner, a £31m foreign currency translation adjustment, and an increase in year-end working capital.

Gearing, which increased from 51 per cent at the end of 1991 to 74 per cent at the end of 1992, will be reduced to below 30 per cent as a result of the rights issue.

Tony Andrews

Richard Oster, chief executive of the Cookson Group

Hillsdown £150m write-off warning

By Maggie Urry

STOCKBROKERS are bracing themselves for large scale write-offs and provisions when Hillsdown Holdings, the food group, reports 1992 results on Tuesday. These could total £150m, with perhaps half going through the profit and loss account as an extraordinary item.

However, analysts have been more positive about the group since the interims last September, and the shares have doubled. They expect a bounce in earnings in the current year.

Mr David Lang, food analyst at Henderson Crosthwaite, who is forecasting pre-tax profits of £155m compared with £186.8m in 1991, said the total of write-offs and provisions "could approach £150m or could be higher if the knife goes deeper".

Sir Harry Solomon, executive chairman, announced in December that he would retire at next month's annual meeting. It is thought that the new team, headed by Sir John Nott, will take the opportunity of these results to "clear the decks".

The group will not apply FRS 3, the new accounting standard, which would require restructuring costs to be taken as exceptional rather than extraordinary items.

Hillsdown is likely to make provisions for restructuring and rationalisation costs relating to the poultry division, following last year's purchase of the JP Wood business, to the fresh meat business, to the Scottish salmon farming operation, to a £7.6m provision against Clarke Foods and to the Lyons Maid ice cream company which went into receivership in October last year.

The balance sheet will be affected by goodwill write-offs from acquisitions, such as the £50m purchase of the European chilled foods business of Beledia, a private Dutch company. That company had net assets of £29m.

Earnings per share for 1992 are forecast at around 13p which would comfortably cover a promised maintained annual dividend of 8.8p. That gives a yield of 7.2 per cent on the share's closing price yesterday of 162p, up 3p, which brokers say gives support to the shares.

Close poised to pay £15m for Winterflood

By Richard Waters and Peggy Hollinger

WINTERFLOOD Securities, the specialist smaller company marketmaker, is likely to be sold to the the merchant banking group Close Brothers for about £15m.

News of the sale emerged yesterday as Union Discount, the troubled discount house group which owns Winterflood, announced that talks over a possible disposal of the entire group had been abandoned.

The sale of the Union group, the oldest specialist money market operator in London, is understood to have foundered over the inability to agree a price for its troubled leasing business.

The potential buyer, thought to have been rival discount house group Cater Allen, is believed to have argued that the leasing portfolio could contain further losses in the future.

Union, on the other hand, claimed that leasing had become a more profitable business in the wake of the recent fall in UK interest rates.

The sale of the Winterflood business to Close Brothers would help to bolster Union's balance sheet and boost its prospects as an independent company. Union's independence was thrown in doubt last year after it was forced to increase provisions against its leasing business, pushing its share price down from a high of 500p in 1990 to around 50p.

Union's 1992 results, expected to be announced as early as next week, are expected to show that its core short-term money market business has improved as interest rates have fallen, in line with other discount houses.

Mr Brian Winterflood, who founded the marketmaking company in 1988 to concentrate on USM and Third Market stocks, refused to comment on the identity of the potential purchaser yesterday. He said, though, his company would be "very happy" with the new parent.

"We will not change from what we are presently doing," he said. It is not expected that there will be any redundancies.

Mr Winterflood said his company had seen an increase in turnover in trade in smaller companies' shares, particularly in the last three months. In the six months to June 30, Union Discount's equity and gilt edged marketmaking – which includes Winterfloods and Aitken Campbell & Co – contributed profits of £2.7m.

Mr Rod Kent, managing director of Close Brothers, could not be contacted for comment yesterday.

USM closure decision by Easter

By Peggy Hollinger

THE Stock Exchange is expected to announce a decision on the proposed closure of the Unlisted Securities Market around Easter, following the receipt of some 60 responses to its consultative document.

It is possible that the exchange will then consider forming a think tank, to decide on the potential for either a second market or lower tiers to the Official List. Any such body would have to include representatives from the investment and corporate community, as well as advisers and venture capitalists.

In a statement yesterday, the exchange pointed out that a viable consensus from participants would have to be achieved on regulations for a second market. Then the exchange would "give every consideration to the need for a second market and the role it could play".

The overwhelming response to its document was an acceptance that the USM "no longer provides a distinctive smaller companies market". European directives on listing particulars meant that the Official List now had essentially the same entry criteria as the USM.

"It must be at least questionable whether the exchange can substantially reduce those requirements and still provide an appropriate regulatory regime for investors."

The City Group For Smaller Companies, the lobbying body set up following the proposed demise of the USM, welcomed the exchange's statements. "They have recognised that there is a demand for investigating a secondary market," said Mr Andrew Beeson, chairman of Cisco. "That process will now have to be pulled together."

FNFC may have to roll over some bank debt

By Jane Fuller

FIRST National Finance Corporation, the consumer credit group, said yesterday it might have to roll over some of its bank debt if it could not get "technical" breaches of loan agreements waived within the next few weeks.

In First National Bank, its main subsidiary, between £200m and £250m of debt is repayable by the end of April.

As part of the refinancing, First National was close to raising £150m through the securitisation of unsecured home improvement loans, organised by Baring Brothers. But news of the breaches has put this on hold.

Standard & Poor's, the US credit rating agency, said yesterday it would not assign any rating to the proposed securitisation until First National Bank had obtained written waivers from all relevant institutions of all the outstanding breaches.

Mr Martin Mays-Smith, FNFC's chairman, yesterday described the breaches as "misdemeanors that are old, insubstantial and technical". They were to do with infringing bans on guarantees between First National Bank and its subsidiaries.

He said this might lead to a situation where there was a loan in default. "But it is not absolutely certain."

He thought it would take about a month to get the waivers. "If the process of getting the waivers drags on, it will be a problem of time not substance."

If there had to be some short-term roll-over of debt, he pointed to "substantial undrawn facilities" and the proceeds of the recently announced £45.8m rights issue.

Of the discussions that would have to take place with various banks to obtain the waivers, he said: "Given the viability of the business, we hope they will be sympathetic."

S&P yesterday confirmed the triple A rating of First National Bank's £170m securitisation of second mortgages carried out last October.

Wheway urges holders to accept McLeod bid

By Paul Cheeseright, Midlands Correspondent

HAPLESS shareholders of Wheway, the environmental engineering group, yesterday watched their troubled company slide towards the waiting hands of McLeod Russel, the paints production and distribution group, as directors recommended acceptance of its 1-for-10 share bid.

At the annual general meeting in Birmingham about 150 shareholders, having just received news of the recommendation, vented resigned wrath against the absent Mr John McGowan, once chairman and chief executive.

He has left Wheway with a reported pay-off of £400,000. "The entitlements in his contract were bigger than what we settled for," said Mr Hugh Ashton, the current chairman, as he stonewalled. "You can't blame Mr McGowan solely for the difficulties into which Wheway has got itself."

Those problems include a 1991-92 pre-tax loss of £3.5m, qualified accounts, restructured credit lines at what the annual report said were "very heavy cost," net bank borrowings of £14.4m against shareholders' funds of £15.3m and a share price which tumbled from 140p in 1989 to 6.5p last Christmas.

McLeod's shares fell 5p to 95p yesterday, valuing its offer for Wheway shares at 9½p. They fell ¼p to 9⅛p valuing the company at £13.3m.

Mr Nigel Openshaw, McLeod's chairman, overcoated and flanked by his executives, watched the shareholders' frustration and felt afterwards that Mr Ashton had come off lightly. Mr McGowan's pay-off he thought was "astronomical. I don't believe in rewarding failure."

His team is waiting to move in at Wheway. Where that leaves Mr Richard Long, chief executive for three weeks, is unclear. "I've never met Mr Long," said Mr Openshaw. "Probably I'd have one or two questions about his contract." Mr Long is reported to have received a £200,000 inducement to join Wheway.

Buckingham bid has £3m value

By Richard Gourlay

BUCKINGHAM International, the hotels and nursing homes group, has produced one of the more bizarre bids of the year.

A bidder that did not want to bid; an adviser that does not necessarily advise rejection of the offer - even though it values Buckingham's ordinary shares at less than 3 per cent of what auditors say the company is worth on a long-term basis.

The bid was triggered because the Takeover Panel has ruled that Buckingham's largest shareholder, Naaz Holdings, is acting in concert with Jemma, run by one of the deputy chairman's relatives, and now have 38.7 per cent of the common shares.

Naaz is a company owned by a trust of which Mr Nurdin Jivraj, Buckingham deputy chairman, and Mr Nick Jivraj, his son and chief executive, and their families are beneficiaries. The relative of Mr Nurdin Jivraj is beneficiary of a trust run by Jemma.

Buckingham shareholders are being offered 2.75p for each ordinary, valuing the offer at £3.3m, and 27.5p for each £1 nominal of loan stock, valuing this offer at £9.1m. Buckingham's share price closed 0.25p down at 4.5p.

The offer comes from Purlieus, a Jersey company owned by a trust of which Mr Nick and Mr Nurdin Jivraj, are beneficiaries.

Advisers to the independent directors have advised that the loan stock offer would be rejected.

The loan stock holders subscribed £33m only last year and are secured on some of the group's properties.

The common stock offer is a different matter. Buckingham said that 1993 and 1994 would be "tough years for the group in terms of meeting cash requirements but the board believes these problems will be resolved".

As a result, the independent advisers are not necessarily advising rejection of the common stock offer. "Shareholders who are convinced about the quality and value of the Buckingham Group's assets and management may wish, despite certain significant risks, to retain an ongoing interest in Buckingham", said Robert Fleming, advisers.

This course of action might be taken in the light of the difference in the offer value and net assets of £113m derived from the audited figures. Net debt stands at £92.4m.

"Shareholders who are not confident in the prospects for Buckingham or who are risk averse should consider selling in the market," the advisers said.

Jemma bought its 8.6 per cent stake in Buckingham last September at a maximum price of 2.75p. Panel rules say the offer needs to be made at the highest price paid for the shares.

Near 40% of Rutland shares changes hands

By Catherine Milton

ALMOST 40 per cent of the shares of Rutland Trust, the financial services and property surveying group, changed hands yesterday

SPP, part of Trygg-Hansa, Sweden's largest insurance and pensions group, yesterday placed its 32.5 per cent holding with a range of institutional investors.

The shares were put through the market at 17p. The move will not trigger any new disclosable holdings in Rutland.

It is understood the placing was oversubscribed, partly because of the recent rise in the value of Rutland's 44 per cent owned associate Capital Industries.

After the placing, Banque Arjil, part of the Matra-Hachette group, also had its entire holding in Rutland placed, some 4.8 per cent at 18p.

Rutland's shares closed up 2p at 20p on the day.

The Swedish holding arose out of a 1986 consortium bid for Kellock Trust by London and Edinburgh Trust and Mr Michael Langdon, now chief executive of Rutland Trust. In 1989 SPP bought LET which has recently been loss-making, for £500m.

Mr Langdon said: "We are pleased to have replaced a weak shareholder which overhung the market with a good quality institutional listing." He said the group was acquisitive and would continue to look for business opportunities to fit its existing profile.

Schroder tops expectations with new trust

By Philip Coggan, Personal Finance Editor

Schroder has exceeded expectations in raising £100m for its new split capital investment trust, called the Split Fund.

However, the demand was so unbalanced in favour of the income shares, which yield 8 per cent tax-free if held in a Personal Equity Plan, that applications for those shares have had to be scaled back.

Meanwhile, BZW and Schroders have been forced to buy around £27m of the other two classes of shares, capital and zero dividend, in order to create the right structure.

Between them, the two groups will own around 68 per cent of the zero dividend shares and 35 per cent of the capital shares. Mr John Govett, chairman of the Split Fund, said the shares were good investments.

In all 56.8m income shares, 37.7m zero dividend shares and 5.7m capital shares have been allocated. Those who applied for under £25,000 of income shares will receive all their allocation; applications above that level will receive between 50 and 85 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
British Data ....int	1.5	Apr 29	-	-	1
Britton Group ....fin	0.03	-	nil	0.03	nil
Darby Group ....int	nil	-	1.2	-	2
Cookson ....fin	3	-	3	6	6
Latin Amer Inv ....fin	nil	-	0.5☆	nil	0.5
Murray European ....fin	0.16	May 27	0.15	0.16	0.15

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆US cents.

David Brown rises 12%

DAVID BROWN Group, the gear and pump manufacturer which is shortly to be floated, increased pre-tax profits by 12 per cent to £9.3m in the year to January 29. Sales were static at £81m (£80.9m), writes Andrew Bolger.

The directors of this Huddersfield-based company, which was the subject of a £46m management buy-in in 1990, said that strong cash flow had led to a £3.2m fall in net borrowings, in spite of investment of £3.8m in new businesses.

Gearing, which was 300 per cent after the buy-in, now stands at 28 per cent and will be reduced further by proceeds from the flotation, which is expected to give the group a market value of more than £70m.

JFB makes $12.3m buy

JOHNSON & Firth Brown, the metals and engineering group, has expanded in the US with the acquisition of Viking Metallurgical Corporation from Quanex Corporation for $12.3m (£8.6m), writes Peter Pearse.

Based in Reno, Nevada, Viking manufactures seamless rolled rings and forgings and electron beam-melted materials, mainly for the aerospace engine components, industrial gas turbines and general engineering industries.

Viking's pre-tax profits for the year ended October 31 1992 fell to $1.03m (£720,000) against $1.95m due to sales falling to $28.7m ($34m).

Half the consideration will be paid in cash and the balance in a non-negotiable interest-free note maturing on February 28 1994. Quanex also received $500,000 representing cash movements at Viking since December 31.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
51	F.P.	-	72	52	Intl. Food Machinery	71	+1	-	-	-	-
-	F.P.	-	94	91	¶Merlin Intl Units	94	+2	H3.4	-	4.8	-
§210	F.P.	-	280	262	Motor World	271	+1	R6.3	2.5	3.1	16.9
-	F.P.	-	98	84	New City & Comml. Inv. ..	89	+1	-	-	-	-
-	F.P.	-	28	18	Do. Warrants	23		-	-	-	-
100	F.P.	-	100	98	Pilot Inv. trust	99		-	-	-	-
-	F.P.	-	26	21	Do Warrants	26		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	115p	102¾p	Airtours 6¾p (Net) Cv. Pf. (ex-div)	113½p	+5
100p	F.P.	-	120¾p	115½p	Bristol Water 8¾pc Pf.	120¾p	+¼
100p	F.P.	-	111½p	105¾p	Commercial Union 8¾pc Cnv Pf.	111½p	+¼
100	F.P.	-	114¼	109¼	NFC 7¾pc Cv. Bd. 2007	111	+½
60p	F.P.	-	60p	54p	Merlin Intl Green Zero Prf.	59p	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
320	Nil	31/3	62pm	38pm	Bellway	38pm	-7
295	Nil	22/4	62pm	59pm	Berkeley	59pm	
440	Nil	11/3	97pm	70pm	Bowater Units	74pm	+2
52	Nil	13/4	10pm	7pm	Howden Group	10pm	
450	Nil	15/3	109pm	78pm	Kingfisher Units	90pm	+12
7½	Nil	5/4	8pm	6pm	NMC	6pm	
520	Nil	18/3	67pm	64pm	‡Memier-Swale	67pm	
40	Nil	11/3	42pm	32pm	PizzaExpress	38pm	
10	Nil	8/4	7½pm	3½pm	Stonehill Hldgs. A	3½pm	
60	Nil	13/4	19pm	14pm	Trafalgar House	17½pm	+½
140	Nil	6/4	29pm	27pm	Triplex Lloyd	29pm	
345	Nil	9/3	70pm	53pm	Volex	55pm	+2
16	Nil	2/4	6pm	4½pm	Wills Group	5½pm	
330	Nil	18/5	48pm	34pm	Yorkshire Chemicals	46pm	-1

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¢ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ¶ Units comprising 1 ord. and 1 zero pref. share.

TRADITIONAL OPTIONS

- First Dealings Feb. 22
- Last Dealings March 5
- Last Declarations June 3
- For settlement June 14

3-month call rate indications are shown on page 11.

Calls in **Airtours, Alvis, Aran Energy, Anglo Pacific, Brent Walker, Brit. Aerospace, D.C. Gardner, Hartstone, Monument Oil, Next, Proteus Intl., Reed Intl., Regalian Props., Stonehill** and **Taylor Nelson AGB.** Put in **Brit. Aerospace.** Double in **NMC.**

Row may hit Greencore restructure

By Tim Coone in Dublin

A GROWING row in the Republic of Ireland over the sale of the government's remaining 30.4 per cent stake in Greencore, the sugar and foods company, now looks increasingly likely to have a significant bearing on whether GPA, the world's largest aircraft leasing company, succeeds in a debt restructuring package with its banks to whom it owes $5.5bn (£3.87bn).

With encouragement from the Greencore board, the US food conglomerate ADM, last month made a I£66m offer, equivalent to I£2.60 per share, for the government's Greencore stake. But under political pressure, the government this week decided to open up the sale to other offers with the express intention of trying to find an Irish buyer.

Mr Gerry Murphy, the Greencore chief executive, says that he does not believe such a move is in the best interests of the company and that the board "will do everything in its power to ensure that our ability to pursue our stated strategy is at least safeguarded and hopefully enhanced, by the ultimate ownership of the government's stake".

Without naming ADM, Mr Murphy said that the board had found a "long-term partner with similar and complementary long-term . . . (which) apart from supporting the group with capital for development, would bring unparalleled access to world class technology in our core business, global market intelligence and distribution capability".

He said the move had "the full support of the board following months of preparatory work" and added that "the board does not believe that any potential Irish investor could bring the same benefits to the group in our drive to become a more significant and more successful Irish-based international food company". Mr Joe Walsh, the agriculture minister, confirmed this week that the offer had come from ADM.

It is likely that the Greencore board will now seek institutional shareholder support to block any government sale of which it does not approve, under the company's articles of association. Any shareholder taking more than a 15 per cent stake in the company requires shareholder approval.

The problem for the government is that the sale of I£150m of government assets is a key factor in this year's Budget arithmetic, and upon it hinges the government's ability to rescue Aer Lingus, the state-run airline which is in the process of sorting out its own major financial difficulties.

Aer Lingus is a major shareholder in GPA and along with GPA's other shareholders is being called upon to subscribe to a new US$200m preference share issue by the aircraft leasing group.

The issue is seen as the company's last chance to avoid the banks taking over effective control. Aer Lingus, however, is unlikely to be in a position to subscribe to the issue without government finance.

NEWS DIGEST

Britton turns in £2.32m loss

BRITTON GROUP, the packaging company formed last October after the acquisition by Firstland Group of Gelpack Industrial, yesterday reported a pre-tax deficit of £2.32m for the year to end-December.

That compared with losses of £743,000 last time incurred on the company's discontinued oil and gas activities.

Mr Robin Williams, chief executive, said the acquisition of GIL was completed on November 2. Consequently, the results included less than nine weeks' contribution from the packaging operations and principally reflected a £2.1m loss on the sale of the oil and gas assets.

Turnover for the year totalled £2.28m, of which £345,000 came from discontinued activities. For the previous year the figure was £393,000.

Losses per share came out at 5.16p (3.34p) and, as foreshadowed, a token dividend of 0.03p is proposed.

Triton Europe changes tack

Triton Europe, the independent oil and gas exploration and production company, announced a change in direction at the same time as reporting a sharp decline in interim after-tax profits from £2.61m to £61,000.

The company blamed the continuing decline at Villeperdue, its principal source of production, together with a lower sterling equivalent oil price.

Under a review of its operations, French exploration is to be reduced significantly and producing fields where Triton is operator are to be disposed of. The company expects that after the restructuring staffing levels will have been reduced by about 75 per cent.

It wants to concentrate on exploration activities in Europe and North Africa.

Turnover in the first half to November 30 fell to £9.37m (£12m) and gross profit to £1.4m (£4.39m). Earnings per share came through at 0.07p (3.17p).

Murray European net assets rise

Murray European Investment Trust, managed in Glasgow by Murray Johnstone, raised net asset value by 10.3 per cent to 46.3p at the end of 1992, against 42p a year earlier.

Net revenue in 1992 fell from £96,862 to £68,749, after an exceptional charge this time of £77,492 for professional fees incurred in respect of a change of investment manager during the year.

Earnings per share were 0.23p (0.32p) and the final dividend is increased to 0.16p (0.15p).

Darby in the red and interim omitted

Darby Group, a USM-quoted maker of specialist glass products, dived into the red with a pre-tax loss of £471,000 in the six months to end August 1992. This compared with a profit of £262,000 last time.

Losses per share came to 1.99p (2.2p earnings) and there is no interim dividend (1.2p) – last year's final was 0.8p.

Lloyds Smaller Cos earnings at 4.21p

Lloyds Smaller Companies Investment Trust, a split level trust, reported a net asset value of 97.5p per capital share at January 31 1993, or 99.2p per package unit.

After-tax revenue for the period from February 13 to January 31 came to £1.03m and earnings per share were 4.21p. A final dividend of 1.85p is recommended for a total of 3.55p.

Total revenue was £1.58m.

M T W T F S S

ECONOMIC DIARY

TODAY: Congress of hardline nationalist and anti-Semitic Greater Romania party in Bucharest. Italy's Socialist Party holds national assembly to decide on new political platform and to reorganise ruling bodies. Italian designers present ready-to-wear fashion shows in Milan (until March 11).

MONDAY: Group of 10 central bankers monthly meeting in Basle. National Food Survey: household food consumption (fourth quarter). Cyclical indicators for the UK economy (January-second estimate). Credit business (January). European Community general affairs council meets in Brussels. European Parliament in plenary session in Brussels (until March 12). Start of two-day Financial Times conference on "World Pharmaceuticals" at the London Hilton in Park Lane.

TUESDAY: Producer price index numbers (February).

WEDNESDAY: Bus strike threatened in London over pay and conditions.

THURSDAY: Details of employment, unemployment, earnings, prices and other indicators. Capital issues and redemptions (February). Confederation of British Industry survey of distributive trades (February). United Kingdom balance of payments (fourth quarter). US retail sales (February). European Community and US officials discuss dispute over telecommunications and public procurement in Brussels (until March 12). Federation of Small Business conference in Bournemouth (until Sunday).

FRIDAY: Usable steel production (February). Construction output (fourth quarter-provisional). Gross domestic product (fourth quarter) (including analyses of expenditure, income and output components). Personal income, expenditure and saving (fourth quarter). Industrial and commercial companies (fourth quarter). US business inventories (January); producer prices (February).

LIFFE EQUITY OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allid Lyons (*579)	550	37	52	57	6½	24	31
	600	11	24	36	32	54	60
ASDA (*66)	57	12	15	16½	1½	4½	6
	67	5	10½	11½	5½	9	11½
Brit Airways (*290)	280	19	29	34	8½	22	25
	300	9	18	25	18	33	37
SmKl Bchm A (*454)	420	42	55	65	5½	15	22
	460	16	32	41	21	32	39
Boots (*499)	460	47	57	65	4	15	19
	500	19	30	42	14½	32	37
B P. (*290)	280	18	27	32	6	14	19
	300	8	16	22	17	25	29
British Steel (*86)	80	9	13½	16½	3½	8	10
	90	4	9	11½	8½	13	15
Bass (*580)	550	48	62	73	6½	18	25
	600	16	34	47	26	43	50
C & Wire (*723)	700	39	60	73	13	33	42
	750	14	35	50	38	60	68
Courtaulds (*595)	550	55	70	79	5	18	25
	600	22	39	51	22	40	48
Com. Union (*621)	580	52	70	75	5	14	23
	629	18	40	47	25	35	45
Fisons (*210)	200	20	29	37	8½	22	28
	220	11	20	28	20	34	39
GKN (*479)	460	22	35	39	16	26	35
	500	5½	18	24	44	50	58
Grand Met. (*458)	420	45	59	66	4	15	19
	460	17	35	43	17	31	37
I C I. (*1247)	1200	54	89	117	40	66	78
	1250	26	64	92	70	94	105
Kingfisher (*542)	535	24	38	47	16	35	45
	584	7	19	30	49	67	72
Ladbroke (*203)	200	10	18	25	13	19	29
	220	3	12	18	29	35	41
Land Secur (*492)	460	35	43	48	4	16	18
	500	11	18	27	19	38	41
M & S (*341)	330	19	27	35	6	15	19
	360	6	13	20	23	32	35
Sainsbury (*533)	500	41	51	62	5½	18	24
	550	12	27	36	28	40	48
Shell Trans. (*573)	550	32	49	56	5	13	21
	600	7	21	28	31	37	45
Storehouse (*186)	180	16	24	30	7	15	18
	200	6½	14	19	18	26	30
Trafalgar (*77)	74	7½	11	14	4	6½	9
	83	3½	7½	10½	9	12	14
Utd. Biscuits (*374)	360	21	30	38	10	20	23
	390	6½	17	25	31	36	39
Unilever (*1217)	1200	29	65	89	22	53	59
	1250	11	37	60	67	83	90
Option		May	Aug	Nov	May	Aug	Nov
Brit Aero (*276)	260	36	50	64	18	27	37
	280	27	40	54	27	37	49

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
BAA (*774)	750	47	59	75	[illegible]	[illegible]	[illegible]
	800	22	34	49	[illegible]	[illegible]	[illegible]
BAT Inds (*935)	900	50	68	78	[illegible]	[illegible]	[illegible]
	950	24	43	55	[illegible]	[illegible]	[illegible]
BTR (*582)	550	34	44	49	[illegible]	[illegible]	[illegible]
	600	9½	18	26	[illegible]	[illegible]	[illegible]
Brit Telecom (*433)	420	27	35	39	[illegible]	[illegible]	[illegible]
	460	8½	15	20	[illegible]	[illegible]	[illegible]
Cadbury Sch (*495)	460	39	49	59	[illegible]	[illegible]	[illegible]
	500	16	29	38	[illegible]	[illegible]	[illegible]
Eastern Elec (*476)	460	34	42	49	[illegible]	[illegible]	[illegible]
	500	15	23	30	[illegible]	[illegible]	[illegible]
Guinness (*447)	420	37	46	55	[illegible]	[illegible]	[illegible]
	460	15	24	35	[illegible]	[illegible]	[illegible]
GEC (*312)	300	23	27	31	[illegible]	[illegible]	[illegible]
	330	8	12	16	[illegible]	[illegible]	[illegible]
Hanson (*254)	240	21½	24½	28	[illegible]	[illegible]	[illegible]
	260	9½	12½	17	[illegible]	[illegible]	[illegible]
LASMO (*185)	180	17	25	30	[illegible]	[illegible]	[illegible]
	200	9	17	22	[illegible]	[illegible]	[illegible]
Lucas Inds (*142)	140	13	18	21	[illegible]	[illegible]	[illegible]
	160	5½	11	14	[illegible]	[illegible]	[illegible]
P. & O. (*573)	550	40	51	59	[illegible]	[illegible]	[illegible]
	600	16	29	39	[illegible]	[illegible]	[illegible]
Pilkington (*112)	110	12	17	21	[illegible]	[illegible]	[illegible]
	120	8	11	17	[illegible]	[illegible]	[illegible]
Prudential (*334)	330	16	23	30	[illegible]	[illegible]	[illegible]
	360	6	13	18	[illegible]	[illegible]	[illegible]
R.T.Z. (*687)	650	47	64	77	[illegible]	[illegible]	[illegible]
	700	20	38	52	[illegible]	[illegible]	[illegible]
Scot. & New (*438)	420	34	42	49	[illegible]	[illegible]	[illegible]
	460	14	23	29	[illegible]	[illegible]	[illegible]
Tesco (*249)	240	17	24	28	[illegible]	[illegible]	[illegible]
	260	8½	14	20	[illegible]	[illegible]	[illegible]
Thames Wtr (*530)	500	43	49	54	[illegible]	[illegible]	[illegible]
	550	14	20	28	[illegible]	[illegible]	[illegible]
Vodafone (*414)	390	39	49	59	[illegible]	[illegible]	[illegible]
	420	22	33	42	[illegible]	[illegible]	[illegible]
Option		Mar	Jun	Sep	Mar	Jun	Sep
Abbey Nat. (*386)	360	27	32	39	[illegible]	[illegible]	[illegible]
	390	5½	17	25	[illegible]	[illegible]	[illegible]
Amstrad (*27)	25	3	4½	6	[illegible]	[illegible]	[illegible]
	30	1	3½	4	[illegible]	[illegible]	[illegible]
Barclays (*407)	390	25	39	50	[illegible]	[illegible]	[illegible]
	420	8	25	35	[illegible]	[illegible]	[illegible]
Blue Circle (*233)	220	21	25	31	6	17	23
	240	8½	14	23	16	30	34
British Gas (*307)	300	11½	18	23	4	14	17
	330	1½	5	10½	25	35	37
Dixons (*225)	220	12	23	29	7	14	23
	240	4	14	20	19	27	34
Eurotunnel (*464)	460	25	46	65	19	37	48
	500	6	28	46	36	61	74

EURO FT-SE INDEX (*2721)

[illegible]

FT-SE INDEX (*2721)

[illegible]

PUTS

Mar	2	4	9	21	45	83	130	180
Apr	13	18	29	46	69	100	138	-
May	25	36	49	66	89	118	152	191
Jun	35	44	58	78	101	130	162	200
Dec †	-	93	-	127	-	175	-	235

March 5 Total Contracts 27,836
Calls 15,906 Puts 11,930
FT-SE Index Calls 1,177 Puts 5,391
Euro FT-SE Calls 526 Puts 124
*Underlying security price. † Long dated expiry mths
Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	36	HSBC (75p shs)	39	Ratners	3	Brit Land	7
Allied-Lyons	50	Charter Cons.	52	Hanson	20	Reed Intl	52	Land Sec.	40
Amstrad	3½	Comm Union	52	ICI	75	Sears	9	MEPC	30
Astec (BSR)	3½	Courtaulds	48	Ladbroke	15	SmKl Bchm A	40	■ OILS	
BAT Inds	75	*Eurotunnel*	30	*Legal & Gen*	38	TI	28	Arcon Intl.	6
BOC	56	FKI	12	Lex Service	19	TSB	12	Aviva Pet	5
BTR	41	FNFC	7	Lloyds Bank	45	Tesco	20	BP	21
Barclays	30	Forte	14	Lonhro	7	Thorn EMI	70	Burmah Castrol	60
Blue Circle	22	GKN	40	Lucas Inds	13	Tomkins	22	Premier Cons	3
Boots	42	Gen Accident	31	Marks Spencer	25	T & N	15	Shell	36
Bowater	40	GEC	22	NatWest Bank	30	Unilever	72	■ MINES	
Brit Aerospace	24	Glaxo	55	P & O Dfd	40	Vickers	9	RTZ	52
British Steel	6	Grand Met	40	Racal Elect	12	Wellcome	75		
Brit Telecom	28	GRE	15	Rank Org	53	■ PROPERTY			

FT FIXED INTEREST INDICES

	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Year ago	High *	Low *
Govt Secs (UK)	97.71	97.12	97.25	96.94	97.06	87.22	97.71	85.11
Fixed Interest	113.14	113.02	112.74	112.13	122.19	100.50	113.14	97.15

* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75) Fixed Interest high since compilation: 113.14 (5/3/93), low 50.53 (3/1/75) Basis 100 Government Securities 15/10/26 Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Mar 4	122.8	132.5
Mar 3	141.1	131.9
Mar 2	137.7	130.9
Mar 1	150.4	128.8
Feb 26	110.6	126.0

* SE activity indices rebased 1974

COMMODITIES

WEEK IN THE MARKETS

Price fall angers platinum producers

THERE WAS good news and bad news for producers of platinum group metals this week. After Allied-Signal of the US announced on Tuesday that it had developed a new palladium-only catalyst for cleaning car exhaust fumes the price of that metal rose by more than 5 per cent. The trouble was that the announcement raised the spectre of platinum's displacement from its biggest single market, and its price fell by 1.75 per cent.

For the South African producers that account for more than half the world's production of the two metals the palladium price rise would net an extra $6m in a full year, while the platinum fall would cost them nearly $16m. So they were far from pleased. And any relief they might have felt when Allied-Signal backtracked on Wednesday, saying the new catalyst would not replace platinum or rhodium based systems, was overcome by fury at what they saw as another example of market manipulation.

"Is this fair play?" was the heading of a statement issued on Thursday by Mr Michael McMahon, chairman of Impala Platinum, the second largest producer of the metals. He complained of a series of incidents over the past few years that had hit his company's earnings and in which he detected "a common thread".

Initially, he said, there was overstatement of a position, "causing severe downward pressure on the PGM markets". And these were quickly followed by "a retraction, withdrawal, or considerable watering down of the original message". That view was backed by Rustenburg Platinum, also of South Africa, the biggest producer, which warned that continuing depressed prices might force it to close down loss-making shafts.

While the London palladium price held on to most of its gains – yesterday's fixing was $104.75 a troy ounce, up $4.60 on the week – platinum made good most of its fall with a $3.55 rise yesterday to $344.30 an ounce, down 70 cents on balance. But that was still $25 down from three weeks ago, following an earlier fall that was blamed by Mr Todd Bruce of Rustplats on claims "for which there was no factual support" that Japanese car makers were selling from their own stocks of the metals.

At the London Metal Exchange it was one-way traffic again, with all base metals contracts finishing lower on the week.

The sharpest decline was in copper, the cash price for which closed yesterday at £1,474.50 a tonne, down £40 on the week. The writing was on the wall on Monday when the three months copper price was pushed through a support area around $2,150 a tonne to a fresh 3¼-month low.

The main problem for the copper market is the disappearance of the bullish factors that had been propping it up in January and February – initially sustained Chinese buying and then floods in Arizona and strikes in Mexico – while hopes of recovery in the US are being countered by concern about European and Japanese car production prospects.

The mood of the market has been further undermined this week by an ominous increase in arrivals from Russia, the source of the floods of aluminium and nickel that have knocked the stuffing out of those markets. This "could prove the last straw for copper," commented GNI, the London trading house, in its daily market review yesterday.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+850	to 1,671,725
Copper	+1,700	to 334,775
Lead	unchgd	at 234,150
Nickel	+408	to 85,494
Zinc	+5,275	to 570,625
Tin	−186	to 18,465

The long shadow of the former Soviet Union also extended over the tin market this week as merchants reported that the Commonwealth of Independent States was also offering supplies of that metal, and at discount prices.

The gloom was lifted somewhat by yesterday's announcement of a modest downturn in LME warehouse stocks of tin and the cash price closed at $5,670 a tonne, down $100 on the week but $25 above Wednesday's low.

At the London Futures and Options Exchange traders were keeping an eye on the International Cocoa Agreement negotiations in Geneva, though few held out more than the faintest hope of a positive conclusion.

In the event the past fortnight's round of talks, regarded as a last ditch attempt to clear the way for a pact with price-stabilisation clauses, was effectively abandoned on Thursday with producer and consumer delegates still far apart on the price range to be defended by a stock withholding scheme and who should pay to finance the scheme.

It was decided, however, to adjourn, rather than to conclude, the meeting as signs were discerned that some producing countries might be willing to make big concessions on these questions.

That optimistic view did not seem to have filtered through to the London market, however, where the May delivery position closed yesterday at £708 a tonne, down £41 on the week.

In the oil market the bullish implications of last month's agreement by members of the Organisation of Petroleum Exporting Countries to cut production have been failing to dispel fears of continuing excess supply, but prices managed to break out of the recent narrow trading ranges this week as good refiner buying of crude was seen in Europe and signs emerged of Indian demand.

The May delivery price at London's International Petroleum Exchange was trading at $19.48 a barrel late yesterday up 54 cents on the week.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Fri Mar 5	Day's change %	Thu Mar 4	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	130.04	+0.18	129.80	2.20	1.72
2	5-15 years (22)	150.45	+0.47	149.75	1.68	3.03
3	Over 15 years (8)	160.24	+0.77	159.02	1.80	1.80
4	Irredeemables (6)	181.98	+0.99	180.19	2.42	1.48
5	All stocks (60)	146.45	+0.43	145.82	1.92	2.37
	Index-Linked					
6	Up to 5 years (2)	183.85	+0.16	183.56	0.19	1.51
7	Over 5 years (12)	172.59	+0.17	172.30	0.83	0.87
8	All stocks (14)	172.95	+0.17	172.66	0.75	0.96
9	Debs & Loans (66)	129.28	+0.37	128.81	1.96	2.24

AVERAGE GROSS REDEMPTION YIELDS

			Fri Mar 5	Thu Mar 4	Year ago (approx.)	1992/93 High	1992/93 Low
	British Government						
1	Low	5 years	6.52	6.55	8.90	10.03 15/9 /92	6.33 19/2 /93
2	Coupons	15 years	7.60	7.69	9.34	9.72 1 /4 /92	7.60 5 /3 /93
3	(0%-7¾%)	20 years	7.88	7.97	9.34	9.72 1 /4 /92	7.88 5 /3 /93
4	Medium	5 years	6.78	6.84	9.61	10.28 1 /4 /92	6.78 5 /3 /93
5	Coupons	15 years	8.11	8.18	9.42	9.82 1 /4 /92	8.11 5 /3 /93
6	(8%-10¾%)	20 years	8.28	8.35	9.38	9.76 1 /4 /92	8.28 5 /3 /93
7	High	5 years	6.94	7.00	9.84	10.50 1 /4 /92	6.94 5 /3 /93
8	Coupons	15 years	8.31	8.40	9.54	9.96 1 /4 /92	8.31 5 /3 /93
9	(11%-)	20 years	8.40	8.49	9.47	9.98 5 /10/92	8.40 5 /3 /93
10	Irredeemables (Flat Yield)		8.36	8.44	9.55	9.92 2 /4 /92	8.36 5 /3 /93
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	2.00	2.04	3.54	5.06 16/9 /92	1.82 12/2 /93
12	Inflation rate 5%	Over 5 yrs.	3.46	3.47	4.35	4.76 16/9 /92	3.46 5 /3 /93
13	Inflation rate 10%	Up to 5 yrs.	1.17	1.19	2.89	4.23 16/9 /92	0.92 12/2 /93
14	Inflation rate 10%	Over 5 yrs.	3.28	3.29	4.17	4.56 16/9 /92	3.28 1 /3 /93
15	Debs &	5 years	8.49	8.53	10.99	11.51 6 /4 /92	8.49 3 /3 /93
16	Loans	15 years	9.21	9.25	10.76	11.22 6 /4 /92	9.21 5 /3 /93
17		25 years	9.45	9.49	10.58	11.02 6 /4 /92	9.45 5 /3 /93

INTERNATIONAL COMPANIES AND FINANCE

Deutsche Bank acquires Spanish unit for Pta42bn

By David Waller in Frankfurt and Peter Bruce in Madrid

DEUTSCHE BANK, Germany's largest bank, is doubling its share of the Spanish banking market with the Pta42bn ($357m) purchase of Banco de Madrid from Banesto, one of Spain's biggest banking groups.

The move, Deutsche's first significant acquisition outside Germany since Mr Hilmar Kopper took over as chief executive three years ago, will give the German bank a 2 per cent share of the Spanish market.

The deal is a major success for the German bank's negotiators, who have whittled Banesto down from an initial asking price of around Pta60bn.

Although Banesto will not be paid what it hoped for Banco de Madrid, the agreement will come as a huge relief to its president Mr Mario Conde. Banesto announced a 62 per cent fall in net group profits in 1992 earlier this week.

But Banesto will make a clean profit, analysts in Madrid say, of Pta30bn from the sale of Banco de Madrid. That, in turn, would enable it to almost wipe clear Pta40bn of provisions the Bank of Spain has insisted it make by next year for bad loans.

Following the transaction, which is subject to banking authorities' approval, Deutsche Bank's Spanish operations will have assets of DM16bn ($9.6bn) and employ 3,000 operating from 400 branches.

Deutsche Bank operates in the Spanish market through Banco Comercial Transatlántico (BCT). Deutsche Bank took a majority stake in this institution in 1989, the same year as the £950m ($1.35bn) purchase of Morgan Grenfell, the UK merchant banking group which is Deutsche's biggest foreign purchase to date.

The acquisition is part of Deutsche's strategy of cautious expansion in foreign retail banking markets. In this business area it moved abroad in a substantial way only in 1986 when it bought the Milan-based Banca d'America e d'Italia. Italy and Spain remain the only two foreign countries where Deutsche operates a full-scale retail banking network.

The acquisition is likely to coincide with a restructuring of the Banco de Madrid and approximately 500 out of the 1,700 people currently employed by the bank will remain with Banesto. After restructuring, the Banco de Madrid's assets are likely to amount to DM6bn.

Credit Suisse provisions hit peak

By Ian Rodger

CREDIT SUISSE has joined the parade of international banks making huge provisions for bad loans.

The banking group, Switzerland's third largest, said its provisions ballooned last year to a record SFr1.5bn ($873m), a third above those in 1991.

However, a robust 14 per cent rise in cash flow to SFr2.8m, thanks mainly to higher commissions and trading profits, enabled the group to end with a meagre 1.1 per cent rise in consolidated net income to SFr857m.

"Given the difficult economic climate, our results were thoroughly satisfactory," said Mr Robert Jeker, the outgoing chief executive.

Mr Josef Ackermann, incoming chief executive, forecast that cash flow would "develop rather well" in the current year, but said that provisions would remain substantial because of the continuing recession.

Mr Ackermann also warned of the costs of integrating Swiss Volksbank. Credit Suisse has made an agreed SFr1.6bn takeover bid for the troubled Volksbank, and completion is expected to be completed next month. Up to 2,000 jobs and at least 100 of the two banks' 400 branches are to go.

Of total income of SFr5.8bn, 40 per cent came from lending. Improvements in margins on an expanded loan book were offset by provisions against interest rate risk of more than SFr200m.

Commission income rose 13 per cent to SFr1.66bn, reflecting higher revenues from investment business and securities administration. Trading income jumped 26 per cent to SFr1.6bn mainly because of a SFr202m surge in foreign exchange dealing profits to SFr672m and a SFr172m jump in securities trading profits to SFr440m.

Credit Suisse's 50 per cent interest in Credit Suisse Financial Products, the CS Holding group's derivatives specialist, was SFr98m.

Mr Jeker said 35 per cent of cash flow came from overseas operations, up from 34 per cent last year. On the other hand, two thirds of the bad loan provisions arose in Switzerland.

Assets rose 11 per cent to SFr173bn, with SFr3bn of the rise coming from the acquisitions of two Swiss regional banks and SFr3.7bn from the currency effects. Lending was up 4 per cent to SFr99.9bn and customer deposits rose 8 per cent to SFr113.8bn.

Porsche plunges into the red

By David Waller in Frankfurt

PORSCHE, the troubled German luxury sports car maker, warned yesterday of a further deterioration in its business position during this year as it confirmed that losses in the six months to the end of January totalled DM120m ($73m) compared with a first-half profit of DM3m in the previous year.

Mr Wendelin Wiedeking, chief executive, who had given a hint of the extent of first-half losses in January, said sales and profits for the full year to the end of July would be down significantly. He gave no figure for the scale of the full-year loss but said sales were likely to be between DM1.7bn and DM1.9bn, down about a third from DM2.68bn in 1991-1992. The loss last year was DM65.8m.

At the company's annual meeting near Stuttgart, Mr Wiedeking said the number of cars produced this year would be 15,000 to 17,000, down from 23,000 last year. Units sold fell 39 per cent in the first six months of the year, down to 6,620. Sales in Germany tumbled 43 per cent to 3,907 units. Turnover for the six months was down 35 per cent from DM1.255bn to DM820m.

Mr Wiedeking, appointed chief executive in September, reiterated the company's determination to remain independent. He predicted that with a revival in the world economy together with the introduction of planned new models, unit sales would be back to more than 30,000 a year from 1996-1997. Sales reached a peak in the mid-1980s when units sold exceeded 50,000.

Porsche intends to cut the cost base by 30 per cent by 1995. It is to shed 1,800 jobs in the current year.

Rothschild Bank board rebuilding completed

By Ian Rodger in Zurich

ROTHSCHILD Bank (RBZ), the Zurich-based private bank that has been under a cloud since revealing SFr250m ($165m) in unauthorised loan losses last year, has completed a rebuilding of its executive board.

The bank announced this week the appointment of Mr Michael Trummer to a new position of director of operations. Mr Trummer worked for several years at Bank Julius Baer in Zurich and in New York before joining RBZ.

Last September, Mr Guy Wais, the former general manager of Guyerzeller Bank, a Zurich private bank owned by the UK's Midland Bank, joined RBZ as its general manager. Before his appointment, the bank had been without a general manager for nearly two years.

RBZ said Mr Trummer's position was created specifically to help prevent the management failures that led to last year's crisis. He would be responsible for accounting, data processing, securities management and external payments.

The bank said last September it had discovered irregularities in lending in the spring. Mr Jürg Heer, its credit manager, was sacked and charged by the Zurich police with fraud and embezzlement. RBZ said at the time that no one else was involved.

Mr Heer subsequently claimed he was acting with other people in schemes to launder and invest mainly Italian clients' funds. He admitted receiving some SFr30m in commissions as a result of these deals.

The bank's loan losses arose mainly from loans made to companies in the Lucern-based York Hannover group, which went bankrupt last year. Mr Karsten von Wersebe, the head of York Hannover, and lawyers associated with the group have claimed that Mr Heer was not acting alone, but they have not produced evidence proving that other senior RBZ directors were involved.

RBZ hired Coopers & Lybrand to investigate, and a senior bank official said this week the investigation backed up the bank's view that Mr Heer had been acting alone.

The other new member of RBZ's executive board is Mr Urs Meisterhans, a long-time employee who has replaced Mr Heer as credit manager. Mr Oskar Campische remains responsible for asset management.

BNP tumbles steeply to FFr2.1bn

By Alice Rawsthorn in Paris

BANQUE Nationale de Paris (BNP), one of France's largest state-controlled banks, yesterday highlighted the difficulties of the French banking sector by unveiling an unexpectedly steep fall in estimated net profits, of 28 per cent, to FFr2.1bn ($378m) from FFr2.9bn in 1991.

It said its performance last year had been badly affected by the need to make heavy provisions on its property interests and industrial investments.

The group, with Crédit Lyonnais, is a candidate for privatisation if, as expected, France's conservative coalition wins this month's parliamentary elections.

Other French banks have also reported poor results for 1992.

The banking sector last year suffered from the impact of the sluggish economy on demand for credit and from the problems of the property market, particularly in Paris, and the steep increase in business failures among small and medium-sized companies.

This week Suez, the industrial group with significant investment banking interests, disclosed that last year it had suffered its first ever loss.

Société Générale, a leading commercial bank, recently announced static profits for 1992. Paribas, the investment banking group, said it had returned to the black last year but was forced to make steep provisions.

BNP refused to comment on its 1992 performance, saying it would publish detailed figures after a board meeting at the end of this month.

However it confirmed that net banking income rose by 5.2 per cent to FFr40bn last year, with costs rising at the slower rate of 3.7 per cent. As a result it was able to improve its operating margins, with operating profits rising by 8.9 per cent to FFr11.8bn.

The group, which has already reported a 13.4 per cent fall in interim net profits to FFr1.33bn for the first half of 1992 after provisions of FFr4.11bn, did not specify the exact level of provisions for the full year.

● Crédit Lyonnais is expanding its European interests by raising its stake in Banque Franco-Hellenique of Greece from 50 per cent to 75 per cent by buying shares from the Greek National Bank for Industrial Development, which will retain a 25 per cent stake.

Ciga share trade suspended as doubts on Situr deal mount

By Haig Simonian in Milan

SHARES IN CIGA, the Italian luxury hotel chain controlled by the Aga Khan, were suspended yesterday pending a statement by the company.

The move followed reports in Italian newspapers that Situr, the privately-owned group which last year agreed to acquire Ciga's hotel-owning subsidiary, had discovered unspecified irregularities in its accounts.

The deal with Situr was a vital step in reducing the severe cash flow problems at Ciga, which has built up debts of about L1,000bn ($639m). After failing to sell some of its hotels, which include flagships such as the Grand in Rome, the deal with Situr represented a lifeline for the company.

Under the complex arrangement, Situr would have bought 51 per cent of Ciga Immobiliare, the subsidiary which owns the group's 21 Italian hotels. Combined with a linked transaction involving assets in Sardinia, the deal would have provided around L300bn in cash.

The transaction, subject to approval by Ciga's banks, had run into difficulties recently after opposition by many bank creditors. A steering committee of banks has appointed Mediobanca, the Italian merchant bank, to recommend alternatives for the group's future.

Matters reached a head this week, when Mr Luigi Clementi, Situr's managing director, was quoted as saying the due diligence audit of Ciga's accounts, to which the transaction was subject, had revealed certain unspecified "very important facts".

A Ciga spokesman yesterday denied the claim. "We are not aware of any facts in relation to the latest statements of the company, which have been formally certified by Price Waterhouse."

With financial and stock market pressure on Ciga rising yesterday, the three-way battle of wills between the company, its bankers and Situr looked set to intensify.

The Aga Khan: controls luxury hotel chain

Dutch bank turns in flat performance for year

By Ronald van de Krol in Amsterdam

RABOBANK reported virtually flat net profits for 1992, but the Dutch co-operative bank said it was satisfied with its performance considering the difficult conditions it faced last year.

Net profit was little changed at Fl 1.02bn ($550m), compared with Fl 1.01bn a year earlier, in spite of what the bank described as a "remarkable" expansion of lending at a time of economic slowdown. Total outstanding loans to the private sector were up 7 per cent last year at Fl 147.3bn.

Gross profits rose by 5.6 per cent to Fl 2.3bn.

However, risk provisions were raised by 7 per cent in line with the increase in lending, while taxes jumped by almost 13 per cent, leaving net profit steady on the previous year.

Rabobank said it faced a persistently inverted yield curve and fierce competition, both of which drove up costs.

Total income, which includes interest, commission and other types of income, expanded by 7.5 per cent to Fl 7.06bn but costs rose even faster, increasing by 8.4 per cent to Fl 4.75bn.

Rabobank, the first of the big Dutch banks to release 1992 figures, said income in 1993 will show a reduced rate of increase, reflecting expectations of only marginal growth in the Dutch economy.

Sandvik profits decline but dividend is raised

By Christopher Brown-Humes in Stockholm

SANDVIK, the Swedish speciality steel and engineering group, saw profits fall to SKr1.53bn ($200m) for 1992 as demand for its products weakened. Although slightly higher than forecast, the figure was 20 per cent lower than the SKr1.92bn profit in 1991.

The group is increasing the dividend to SKr9.50 from SKr9.00 per share despite the decline, and said it expected higher sales and profits in 1993.

The current year is "likely to be another year of reduced demand but the weaker krona is increasing the competitiveness of our Swedish units," the company said.

Sales fell 2 per cent in 1992 to SKr17.2bn on a virtually unchanged order intake of SKr17.33bn.

Sales to the EC, the group's main market, fell 2 per cent to SKr7.52bn, and there was a 5 per cent fall to SKr3bn in sales to North America. Higher sales in both Sweden and Latin America helped to compensate.

The group's cemented carbide activities saw earnings fall to SKr898m from SKr1.18bn as sales dropped to SKr8.53bn from SKr9.01bn.

Steel operations recorded a SKr151m profit, SKr128m less than in 1991, on sales which fell to SKr5.27bn from SKr5.57bn. Losses within saws and tools deepened to SKr81m from SKr16m.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992/93	Low 1992/93
Gold per troy oz.	$329.95	+2.2	$349.70	$358.40	$327.35
Silver Per troy oz	249.5p	-2.5	241.40p	265.50p	187.58p
Aluminium 99.7% (cash)	$1162.5	-28.5	$1278	$1339.0	$1105.5
Copper Grade A (cash)	£1474.5	-40	£1300	£1561.0	£1125.0
Lead(cash)	£284.5	-0.5	£301.75	£383.5	£277.50
Nickel (cash)	$5932.5	-92.5	$7625	$8195.0	$5315
Zinc SHG (cash)	$998	-21.5	$1206	$1457.5	$1019.0
Tin (cash)	$5670	-100	$5625	$7115.0	$5425.0
Cocoa Futures (May)	£709	-40	£676	£751	£523
Coffee Futures (Mar)	$1000	+59	£458	$1039	$676
Sugar (LDP Raw)	$252	+7.5	$207.1	$272.6	$193
Barley Futures (May)	£141	-3.5	£117.45	£144.50	£106.90
Wheat Futures (May)	£146.25	-1.75	£126.60	£148.00	£109.85
Cotton Outlook A Index	61.65c		55.30c	65.90c	52.25c
Wool (64s Super)	397		480p	480p	364p
Oil (Brent Blend)	$19.475 x	+0.65	$17.45	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Apr.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Apr)		+ or -
Dubai	$17.05-7.09	-.085
Brent Blend (dated)	$19.53-9.56	+0.08
Brent Blend (Apr)	$19.46-9.49	+0.04
W T I (1 pm est)	$20.99-1.02	-0.02
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$198-200	
Gas Oil	$181-182	
Heavy Fuel Oil	$77-79	+1
Naphtha	$177-178	-2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$329.95	+1.7
Silver (per troy oz)♣	361c	+3.5
Platinum (per troy oz)	$344.30	+3.55
Palladium (per troy oz)	$104.75	+0.25
Copper (US Producer)	99.50c	
Lead (US Producer)	34.625c	
Tin (Kuala Lumpur market)	14.50r	-0.14
Tin (New York)	262.5c	+1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	136.15	+5.77*
Sheep (live weight)†♣	121.70	+1.42*
Pigs (live weight)†	88.28	+6.42*
London daily sugar (raw)	$252.0	
London daily sugar (white)	$277.5	-0.5
Tate and Lyle export price	£284.0	-1
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£169.0	+4
Wheat (US Dark Northern)	Unq	
Rubber (Apr)♥	64.50p	-0.5
Rubber (May)♥	65.00p	-0.5
Rubber (KL RSS No 1 Feb)	223m	-1.5
Coconut oil (Philippines)§	$442.5y	+2.5
Palm Oil (Malaysian)§	$420z	-2.5
Copra (Philippines)§	$275.0	
Soyabeans (US)	£182u	-2
Cotton "A" index	61.65c	-0.05
Wooltops (64s Super)	397p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg y-Apr/May u-Mar/Apr. x-Aug. w-Feb/Mar z-Mar. ♥London physical. §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg ♣Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
May	223.00	226.00	225.00 222.80
Oct	211.00	211.00	210.00
White	Close	Previous	High/Low
May	273.00	275.50	274.00 271.50
Aug	276.50	277.20	276.50 274.50
Oct	256.50	257.50	256.50 254.50

Turnover: Raw 78 (32) lots of 50 tonnes. White 1504 (783) Paris- White (FFr per tonne): May 1571.61 Aug 1608.90

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Apr	19.41	19.48	19.68 19.39
May	19.40	19.49	19.64 19.38
Jun	19.41	19.52	19.62 19.40
Jul	19.43	19.52	19.59 19.40
Aug	19.47	19.55	19.58 19.42
Sep	19.47	19.57	19.58 19.45
Oct	19.46	-	19.58 19.45
Dec	19.43	-	19.57 19.43
IPE Index	19.31	18.92	

Turnover 35258 (46855)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Mar	179.25	178.75	182.00 176.50
Apr	178.50	177.75	180.25 178.00
May	177.00	176.75	179.00 177.50
Jun	177.00	176.00	178.25 177.00
Jul	177.75	177.00	179.00 178.25
Aug	179.50	179.00	180.50 180.25
Sep	181.75	181.25	182.25 182.00
Nov	185.75	185.50	186.00 185.50

Turnover 16585 (20103) lots of 100 tonnes

SPICES

Cochin ginger prices were easier at US$1,025 a tonne cif owing to good crop forecasts and the change in India's currency policy, reports Man-producton. Mace and nutmegs: Grenada no change; Indonesia slauw/ambon bwp $800 spot, shipment $750; shrivelled nutmegs spot $1,295, shipment $1,250; mace broken 2 spot $1,400, shipment $1,375. Pimento: Mexico slightly easier at $1,725 spot, shipment $1,700 cif; Jamaica unchanged; Guatemala spot $1,900. Cassia: stabilising; Seychelles, Madagascan, Chinese and Vietnamese deliveries relieving the spot markets.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Mar	698	697	698 685
May	709	707	711 695
Jul	721	718	721 707
Sep	733	729	733 719
Dec	751	746	750 738
Mar	771	767	772 757
May	785	781	782 789
Jul	800	796	797
Sep	815	810	805

Turnover: 7051 (10085) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 5 703.54 (724.90) 10 day average for Mar 4 739.28 (742.20)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Mar	1000	1001	1007 985
May	940	951	950 938
Jul	905	914	913 900
Sep	910	919	918 910
Nov	920	930	925 921
Jan	930	942	935 935

Turnover:1842 (3035) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 3: Comp. daily 57.54 (57.14) 15 day average 57.82 (57.52)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	40.0	40.5	40.0
May	42.5	42.0	42.0
Apr	94.0	96.0	95.0 94.0

Turnover 36 (157) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Jun	-	141.60	

Turnover 0 (20) lots of 20 tonnes.

FREIGHT – London FOX			$10/Index point
	Close	Previous	High/Low
Mar	1410	1390	1410 1399
Apr	1410	1400	1411 1408
May	1370	1360	1370 1364
Oct	1360	1350	1360 1359
BFI	1385	1380	

Turnover 235 (202)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Mar	145.00	-	146.50 145.00
May	146.25	147.40	147.00 146.20
Jun	147.50	148.65	147.50
Nov	111.00	111.50	111.45 111.00
Jan	113.80	-	113.80
Mar	117.00	-	117.00
Barley	Close	Previous	High/Low
Mar	141.00	142.25	141.00
May	141.00	142.50	141.25 141.00
Sep	107.00	107.50	107.35 107.00

Turnover: Wheat 182 (96), Barley 58 (93). Turnover lots of 100 Tonnes.

PIGS – London FOX			(Cash Settlement) p/kg
	Close	Previous	High/Low
Mar	115.5	114.8	114.8 114.0
May	115.0	114.0	115.0 113.0
Jun	112.0	-	110.0
Jul	105.0	108.0	105.0

Turnover:72 (73) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 36,111 lots
Cash	1162-3	1160.5-1.5	1161.5/1161	1161-1.5		
3 months	1183-4	1182-2.5	1185/1180	1182-2.5	1180-0.5	163,817 lots
Copper, Grade A (£ per tonne)						Total daily turnover 44,254 lots
Cash	1474-5	1463.5-4.5	1451.5/1451.5	1451-1.5		
3 months	1497.5-8.0	1487-7.5	1498/1474	1474.5-5.0	1497.5-8.0	161,058 lots
Lead (£ per tonne)						Total daily turnover 4,188 lots
Cash	284-5	281.25-2.25	285/281.5	281.25-1.75		
3 months	293-3.5	291-1.5	294/291	290.75-1.25	294-5	18,725 lots
Nickel ($ per tonne)						Total daily turnover 10,538 lots
Cash	5930-5	5860-70	5890/5860	5885-90		
3 months	5990-2	5925-30	6020/5930	5940-5	6020-5	43,198 lots
Tin ($ per tonne)						Total daily turnover 1,405 lots
Cash	5665-75	5680-70		5655-8		
3 months	5725-30	5720-30	5745/5717	5717-8	5749-51	8,045 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 11,608 lots
Cash	997.5-8.5	1003-4	995/994	993.5-4.0		
3 months	1016-7	1021.5-2.0	1020/1010	1012-3	1022-4	71,831 lots

LME Closing £/$ rate: SPOT: 1.4470 3 months: 1.4373 6 months: 1.4290 9 months: 1.4230

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	329.80-330.10	
Opening	329.40-329.80	
Morning fix	329.70	226.365
Afternoon fix	329.75	227.132
Day's high	330.20-330.50	
Day's low	328.70-329.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.74	6 months	2.44
2 months	2.59	12 months	2.44
3 months	2.51		

Silver fix	p/troy oz	US cts equiv
Spot	246.35	358.70
3 months	250.00	361.45
6 months	253.45	364.50
12 months	259.65	370.50

GOLD COINS	$ price	£ equivalent
Krugerrand	329.00-332.00	226.00-228.00
Maple leaf	339.65-341.90	-
New Sovereign	78.50-81.50	54.00-56.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Apr	Jul	Apr	Jul
1125	50	78	3	8
1150	30	59	7	15
1175	15	43	16	23
Copper (Grade A)	**Calls**		**Puts**	
2100	56	90	13	28
2150	27	60	34	47
2200	10	38	67	74
Coffee	**May**	**Jul**	**May**	**Jul**
900	72	62	21	49
950	44	42	43	79
1000	25	28	74	115
Cocoa	**May**	**Jul**	**May**	**Jul**
725	19	40	35	44
750	12	30	53	59
775	7	23	73	77
Brent Crude	**Apr**	**May**	**Apr**	**May**
1850	-	-	3	18
1900	46	74	8	28
1950	16	46	22	47

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High	Low
Mar	329.8	329.0	330.3	330.3
Apr	330.4	329.6	331.3	330.2
May	331.0	330.2	0	0
Jun	331.7	330.6	332.5	331.5
Aug	333.1	332.1	333.5	333.6
Oct	334.6	333.5	0	0
Dec	336.0	334.8	336.7	336.3
Feb	337.5	336.2	0	0
Apr	339.1	337.7	339.6	339.6

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High	Low
Apr	343.5	341.4	344.5	343.0
Jul	342.0	339.9	343.5	342.5
Oct	340.5	338.4	342.0	340.0
Jan	339.0	335.9	340.0	340.0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High	Low
Mar	357.1	365.5	360.0	358.5
Apr	358.2	356.7	0	0
May	359.3	357.8	362.5	358.5
Jul	361.7	360.1	365.0	361.0
Sep	364.2	362.5	368.0	366.0
Dec	367.8	366.0	371.0	368.0
Jan	369.2	366.4	0	0
Mar	371.5	369.6	372.5	371.0
May	374.1	372.2	0	0
Jul	376.8	374.7	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High	Low
Mar	94.65	93.95	94.35	93.70
Apr	95.10	94.45	0	95.10
May	95.50	94.75	95.20	94.35
Jun	95.85	95.15	0	0
Jul	96.25	95.50	95.85	95.20
Aug	96.65	95.90	0	0
Sep	97.00	96.25	96.10	96.00

CRUDE OIL (Light) 42,000 US galls $/barrel	Close	Previous	High	Low
Apr	20.83	21.07	21.14	20.90
May	20.97	21.12	21.17	20.92
Jun	20.97	21.14	21.16	20.95
Jul	20.95	21.14	21.15	20.90
Aug	20.92	21.13	21.12	20.90
Sep	20.90	21.13	21.07	20.87
Oct	20.89	21.13	21.04	20.85
Nov	20.88	21.13	21.05	20.91
Dec	20.86	21.11	21.05	20.86
Jan	20.83	21.08	21.00	20.85

HEATING OIL 42,000 US galls, cents/US galls	Close	Previous	High	Low
Apr	59.25	59.81	60.05	59.55
May	58.06	58.45	58.70	58.10
Jun	57.25	57.58	57.75	57.40
Jul	57.23	57.51	57.55	57.20
Aug	57.78	58.06	58.05	57.80
Sep	58.78	59.06	0	0
Oct	59.78	60.06	0	0
Nov	60.63	60.91	60.85	60.80
Dec	61.48	61.76	62.00	61.50
Jan	61.93	62.21	62.10	62.10

COCOA 10 tonnes;$/tonnes	Close	Previous	High	Low
Mar	855	850	898	860
May	886	886	893	878
Jul	912	914	917	905
Sep	936	938	942	929
Dec	967	969	968	965
Mar	1000	1001	1000	996
May	1022	1023	0	0
Jul	1043	1044	1042	1040
Sep	1071	1072	1068	1069
Dec	1096	1097	1098	1098

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High	Low
Mar	62.05	62.00	62.00	61.00
May	64.25	65.55	65.00	64.00
Jul	66.15	67.70	66.80	66.00
Sep	67.80	69.45	68.60	68.00
Dec	70.60	72.15	71.50	70.70
Mar	72.65	74.40	0	0
May	74.65	76.35	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High	Low
May	10.09	10.20	10.10	9.96
Jul	10.25	10.33	10.23	10.13
Oct	9.50	9.53	9.49	9.42
Mar	9.19	9.17	9.19	9.10
May	9.15	9.13	9.10	9.10
Jul	9.15	9.13	0	0

COTTON 50,000; cents/lbs	Close	Previous	High	Low
Mar	63.40	62.66	63.53	0
May	62.62	62.58	62.70	62.37
Jul	63.58	63.62	63.65	63.50
Oct	62.95	62.85	0	0
Dec	61.77	61.73	61.70	61.70
Mar	62.45	62.47	62.60	62.60
May	63.02	63.05	63.00	63.00
Jul	63.60	63.57	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High	Low
Mar	75.30	72.60	76.30	73.50
May	77.85	75.30	78.00	76.00
Jul	80.75	78.30	81.00	79.20
Sep	83.85	81.30	83.80	82.30
Nov	86.00	83.50	86.00	0
Jan	87.75	85.55	89.00	88.00
Mar	89.50	86.85	90.00	89.00
May	90.00	87.85	0	0
Jul	90.00	87.85	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Mar 5	Mar 4	mnth ago	yr ago
1762.7	1767.3	1748.4	1808.9

DOW JONES (Base: Dec. 31 1974 = 100)	Mar 4	Mar 3	mnth ago	yr ago
Spot	124.63	125.55	121.63	117.89
Futures	126.66	126.03	123.84	122.39

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High	Low
Mar	575/6	581/4	580/4	575/0
May	578/6	584/6	584/0	578/2
Jul	583/6	589/4	589/0	583/0
Aug	586/4	592/2	591/0	585/4
Sep	586/4	592/4	591/0	586/4
Nov	592/2	598/2	597/4	592/0
Jan	599/2	605/4	604/0	599/0
Mar	607/0	612/4	609/0	607/0
Jul	614/0	620/0	0	614/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High	Low
Mar	21.21	21.47	21.45	21.17
May	21.45	21.73	21.70	21.41
Jul	21.68	21.96	21.90	21.65
Aug	21.72	22.00	0	21.70
Sep	21.76	22.03	21.93	21.73
Oct	21.78	22.03	0	21.76
Dec	21.87	22.15	22.10	21.85
Jan	21.90	22.15	0	21.90
Mar	22.00	22.25	22.00	22.00

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High	Low
Mar	176.6	177.8	177.6	176.3
May	178.1	179.5	179.5	177.7
Jul	180.2	181.3	181.3	179.7
Aug	181.2	182.5	182.1	181.1
Sep	182.5	183.8	183.3	182.4
Oct	183.6	184.9	0	0
Dec	186.5	187.8	0	186.5
Jan	186.8	188.1	0	186.8
Mar	188.0	189.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High	Low
Mar	213/6	214/4	215/0	213/2
May	221/2	222/2	222/2	221/0
Jul	228/2	229/0	229/0	228/0
Sep	234/2	235/0	234/6	233/6
Dec	241/4	242/2	242/0	241/6
Mar	248/2	249/0	248/4	247/4
May	251/6	252/4	0	251/6
Dec	250/2	251/4	0	0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High	Low
Mar	369/2	377/2	379/0	366/0
May	337/4	341/6	344/2	335/0
Jul	316/6	316/6	317/4	314/6
Sep	319/6	320/6	321/0	318/4
Dec	328/2	328/4	329/4	327/2
Mar	333/0	332/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High	Low
Apr	80.950	80.650	81.000	80.475
Jun	75.425	74.850	75.500	74.700
Aug	71.725	71.400	71.900	71.250
Oct	72.750	72.400	72.950	72.300
Dec	73.550	73.175	73.600	73.150
Feb	72.850	72.525	73.000	72.850
Apr	74.000	73.700	74.000	0

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High	Low
Apr	47.250	46.075	47.450	45.925
Jun	52.675	51.550	52.825	51.400
Jul	50.950	49.725	51.000	49.575
Aug	47.875	46.950	48.050	46.850
Oct	42.750	42.025	42.825	41.875
Dec	44.075	43.475	44.150	43.400
Feb	44.075	43.600	44.075	43.550
Apr	43.200	42.750	43.300	42.600
Jun	46.550	0	0	0

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High	Low
Mar	45.175	43.175	45.100	43.850
May	46.225	44.225	46.225	44.450
Jul	46.450	44.450	46.450	44.750
Aug	45.050	43.050	45.050	43.300
Feb	51.750	49.750	51.750	49.750
Mar	50.825	48.825	50.825	0
May	51.750	0	0	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling soar

BOTH the dollar and sterling soared against the D-Mark yesterday after the Bundesbank announced a cut in money market interest rates on the same day that the US non-farm payroll figure showed an astonishingly strong rise, *writes James Blitz.*

The Bundesbank's decision to cut the interest rate on its 14-day repo to 8.25 per cent from the previous 8.49 per cent announcement took financial markets completely by surprise.

The expectation had been that a change in the central bank's money market rates would be announced on Thursday afternoon, following the Bundesbank's last council meeting, or that it would come next Tuesday when details of the weekly money market intervention are broadcast.

The release of the US non-farm payroll figure, which showed a rise of 365,000 in February, was the second big surprise of the day. The market had, at best been expecting a rise of 150,000. Around 90 per cent of the rise in the payroll figure accounted for part-time workers, but this did not stop the dollar breaking through the critical level of DM1.67 for the first time in nearly a year.

The dollar later closed at DM1.6670, more than 3 pfennigs up on the day. Sterling also performed strongly, helped by a statement from the UK Treasury that cuts in German rates would not necessarily be followed by an easing in UK policy. The pound closed at DM2.4100, also up more than 3 pfennigs on the day.

The German central bank said that it had cut the repo rate to deal with the unusually high interest rates being set for call money in the cash market. But Mr Brian Hilliard of Société Générale Strauss Turnbull said that it would have been more normal policy to deal with a short-term liquidity problem by adding emergency funds, as dictated by paragraph 17 of the Bundesbank constitution.

Another analyst suggested that the Bundesbank had decided to move in response to new pressures on the French franc in Thursday night's trading in the US. But the central bank may have taken its decision to wean the markets away from expecting policy changes only on Tuesdays and Thursdays.

According to Mr Neil MacKinnon of Citibank, the next crucial test for the dollar will be to get through the DM1.68 level. He is confident that this will happen and continued to forecast a level of DM1.80 for the US currency this year. However, the high percentage of part time workers in the payroll may be a freak, forcing dealers to wait for the next monthly employment figure before pushing the dollar up further.

£ IN NEW YORK

Mar.5	Latest	Previous Close
£ Spot	1.4485-1.4495	1.4555 1.4565
1 month	0.43-0.42pm	0.39 0.38pm
3 months	1.04-1.02pm	1.04 1.02pm
12 months	3.00-2.90pm	2.97 2.90pm

Forward premiums and discounts apply to the US dollar

CURRENCY MOVEMENTS

Mar 5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	77.9	-32.32
U.S Dollar	66.5	+12.2
Canadian Dollar	97.3	-4.94
Austrian Schilling	115.1	+17.17
Belgian Franc	115.8	+2.27
Danish Krone	118.9	+13.09
D-Mark	125.0	+32.54
Swiss Franc	108.8	+17.48
Dutch Guilder	119.5	+21.46
French Franc	109.7	-6.54
Lira	79.9	-35.35
Yen	164.2	+101.5
Peseta	99.0	-21.46

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Mar.4

OTHER CURRENCIES

Mar 5	£	$
Argentina	1.4465 - 1.4480	0.9980 - 0.9990
Australia	2.0455 - 2.0475	1.4120 - 1.4130
Brazil	29977.4 - 29977.7	20681.2 - 20681.4
Finland	8.6650 - 8.7145	6.0200 - 6.0500
Greece	319.950 - 326.250	220.120 - 224.590
Hong Kong	11.2005 - 11.2130	7.7320 - 7.7330
Iran	2200.00*	1485.00*
Korea(Sth)	1143.95 - 1162.45	790.30 - 796.50
Kuwait	0.44530 - 0.44630	0.30690 - 0.30740
Luxembourg	49.40 - 49.50	34.15 - 34.25
Malaysia	3.7890 - 3.7990	2.6180 - 2.6200
Mexico	4.4965 - 4.9955	3.1020 - 3.1040
N.Zealand	2.7485 - 2.7535	1.8960 - 1.8995
Saudi Ar	5.4295 - 5.4405	3.7495 - 3.7505
Singapore	2.3825 - 2.3885	1.6450 - 1.6460
S.Af (Cm)	4.5750 - 4.5860	3.1660 - 3.1680
S.Af (Fn)	6.6500 - 6.6935	4.5300 - 4.5600
Taiwan	37.40 - 37.50	25.80 - 25.90
U.A.E.	5.3165 - 5.3290	3.6715 - 3.6735

*Floating rate. Iran Official rate:£98.50 $66.30

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.4460	1.4418	1.4360	1.4291	1.4185
D-mark	2.4100	2.4152	2.4220	2.4318	2.4408
French Fr.	8.1725	8.1768	8.1736	8.1916	8.1996
Swiss Fr.	2.2350	2.2333	2.2304	2.2250	2.2145
Yen	170.25	169.78	169.06	168.09	166.31

MONEY MARKETS

Futures drop sharply

CASH rates in European markets dropped sharply yesterday after the Bundesbank surprised dealers by announcing a lower rate for securities repurchase agreements, *writes James Blitz.*

The Bundesbank said it was cutting the interest rate on the 14-day repo to 8.25 per cent from the previous 8.49 per cent in response to wide swings in German money market rates. The bank also said it was setting a 28-day tender for funds at variable interest rates.

UK clearing bank base lending rate 6 per cent from January 26, 1993

Both the Belgian and Dutch central banks said they would be lowering their money market intervention rates next week in response to the Bundesbank's move.

The Bundesbank explained the timing of the move by saying that it was responding to strongly fluctuating money market interest rates, and difficulties in the market in setting rates on German call money.

Dealers reported call money yesterday morning at rates varying from 8.75 to 8.90 per cent. The Bundesbank's move brought call money sharply down to 8.49 per cent and the level of 3-month D-Marks down to 8.02 per cent.

At the same time, by putting the repo rate only 25 basis points above the discount rate floor, it rasied expectations of a cut in the officially posted rates at the next Bundesbank council meeting on March 18.

Euromark futures rose 11 basis points to close at 92.05 in the wake of the move, predicting that 3-month money in ten days time will be at 7.95 per cent.

The March French franc contract rose 29 basis points to close at 88.61, and the June contract closed 57 basis points higher at 91.41. Three month French francs closed sharply lower at 11¼ per cent from 11 11/16 per cent at the start of the day.

Sterling futures also rose sharply on the move, despite another assurance from UK government officials that a drop in German rates would not automatically lead to an easing in UK policy. The March contract closed up 7 basis points at 94.04, while the June contract closed up 3 basis points at 94.58. At this level, the June contract assumes that 3-month sterling cash will be at 5.42 per cent by the summer.

Three month money closed at 5 11/16 per cent yesterday, down ⅛ per cent on the day. The move was helped by the relatively swift removal of a £1.75bn shortage by clearing banks and discount houses.

FINANCIAL FUTURES AND OPTIONS

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	† Yield	† Open int
March	114.58	115.26	+0.80	115.38	114.56	7.85	148,109
June	116.80	117.36	+0.66	117.54	116.80	7.55	113,766
September	117.16	117.56	+0.52	117.68	117.10	7.50	28,655

Estimated volume 247,520 † Total Open Interest 291,043

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	† Yield	† Open int
March	88.30	88.61	+0.28	88.63	88.30	11.67	34,620
June	90.86	91.41	+0.51	91.43	90.86	9.10	56,165
September	92.35	92.55	+0.17	92.60	92.35	7.62	41,889
December	93.01	93.03	+0.13	93.03	92.95	7.10	23,212

Estimated volume 71,320 † Total Open Interest 180,352

CAC-40 FUTURES (MATIF) Stock index

	Open	Sett price	Change	High	Low	† Yield	† Open int
March	2035.0	2018.0	+3.00	2044.0	2006.0	-	44,670
April	2055.0	2040.0	+3.50	2066.0	2030.5	-	6,498
May	2071.0	2054.0	+3.00	2071.0	2071.0	-	1,054
June	2060.0	2048.0	+4.50	2060.0	2045.0	-	4,023

Estimated volume 27,452 † Total Open Interest 60,265

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	† Yield	† Open int
March	112.60	113.26	+0.76	113.30	112.60	8.11	6,647

Estimated volume 6,025 † Total Open Interest 13,089

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls April	Calls June	Calls September	Puts April	Puts June	Puts September
114	-	3.48	-	0.03	0.18	0.50
115	-	2.66	-	0.06	0.34	-
116	1.53	1.92	-	0.17	0.91	0.95
117	0.79	1.28	1.82	0.40	-	-
118	0.30	0.76	1.31	0.96	-	-
Open int	24,561	165,902	21,012	9,858	87,872	15,380

Estimated volume 79,485 † Total Open Interest 326,335

† All Yield & Open Interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday March 3, 1993		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	2,980,079,888	+	270,574,172
Bankers Deposits	1,565,812,760	-	24,401,352
Reserve and other Accounts	3,910,076,210	+	49,260,597
	8,470,521,858	+	295,433,417
ASSETS			
Government Securities	1,340,897,132	+	28,090,957
Advance and other Accounts	5,239,170,489	+	328,209,851
Premises Equipment & other Secs	1,888,755,108	-	55,758,718
Notes	3,435,375	-	5,144,091
Coin	263,754	+	35,418
	8,470,521,858	+	295,433,417
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,226,564,625	+	55,144,091
Notes in Banking Department	3,435,375	-	5,144,091
	16,230,000,000	+	50,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	6,434,893,930	+	628,372,771
Other Securities	9,784,090,970	-	578,372,771
	16,230,000,000	+	50,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	8
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williman Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	5
●Brown Shipley	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate' Int Cr: Frequency at which interest is credited to the account.

LEGAL NOTICE

In the High Court of Justice No. 00756 of 1993
Chancery Division

IN THE MATTER OF
CHEMEX INTERNATIONAL PUBLIC LIMITED COMPANY
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 24 February 1993 confirming: (1) the reduction of the capital of the above-named Company from £1,835,000 to £656,439.98 and (2) the reduction of the share premium account of the said company by £2,301,808.54 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 26 February 1993.

Dated this 6th day of March 1993
Berwin Leighton, Adelaide House
London Bridge, London EC4R 9HA
Ref: II/C1041/2
Solicitors for the above-named Company

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included 2582

Treasury 13¾% Stk 2000/03 - £134¼
Exchequer 10½% Stk 2005 - £119⅝ (2Mr93)
Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk - £129⅝ (2Mr93)

Corporation and County Stocks

No. of bargains included 4

Bristol(City of) 11½% Red Stk 2008 - £116 (1Mr93)
Bristol Corp Deb Stk (3½%) - £34 (1Mr93)
Islington Corp 12.85% Red Stk 2007 -

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

MEPC PLC9⅞% Bds 2004(Br£1000&10000) - £102
10¾% Bds 2003(Br£1000&10000) - £103⅞ 4 (1Mr93)
Matsushita Electric Inds Co Ld7¾% Bds 1/8/2002 (Reg $1000) - $105¼ (26Fe93)
Morgan Guaranty Tst Co of New York 12⅞% Deposit Nts 1994 - £105¼
National Grid Co PLC7⅞% Bds 1998 (Br £ Var) - £101⅝
National Power PLC10⅞% Bds 2001 (Br £10000&100000) - £113.55♦
National & Provincial Bldg Society8¾% Nts 1998 (Br £ Var) - £102⅝
National Westminster Bank PLC6% SubordBrBds1993(1998) BrDM1000&10000 - DM95¼ (2Mr93)

Sterling Issues by Overseas Borrowers

Listed Companies(excluding Investment Trusts)

Investment Trusts

Miscellaneous Warrants

USM Appendix

Rule 535(2)

Dawson Hldgs PLC Ord 10p - £3.35 (1Mr93)
Elliot (B.) PLC7.5% (Net) Cnv Cum Red Prf £1 - £0.735 0.78 0.79 (3Mr93)
English Churches Housing Group Ld2¼% Ln Stk - £10 (2Mr93)
Guernsey Gas Light Co Ld Ord 10p - £0.48 0.485 0.49 0.495 (2Mr93)
Hambros Fund Managers(C.I.)Japan Fund - $3.872 (2Mr93)
Japan Enterprise Fund - $3.315 (2Mr93)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Bank of East Asia HK$32.37554 32.556375♦HK$33 (3.3)
Batu Kawan M$2.8899 (3.3)
Boise Cascade Corp £16⅛
Bounty Invs A$2.1592 (3.3)
Cape Range Oil 24
City Developments $2.4814
Email Ord Stk A$3.27 (1.3)
Forest Laboratories $31.27 (26.2)
Futuris Corp 48
Kulim Malaysia Ord 15.0 (26.2)
Malayan Cement M$4.985 (26.2)
McCarthy Group FL4¼ (3.3)
Mogul Mining A$0.06
National Electronics,(Hldgs) HK$0.66 (26.2)
North Flinders Mines 225
Oil Search 28,29,30
Playmates Hldgs M$3.22 (1.3)
Regal Hotels (hldgs) HK$1.074, 1.065 (1.3)
Robinson & Co S$8.024 (1.3)
Sapphire Mines A$0.108 (3.3)
Selangor Coconuts 25 (3.3)
Selangor Properties M$2.3418 (1.3)
Storer Communications Sk315.37 (2.3)

By Permission of the Stock Exchange Council

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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LONDON STOCK EXCHANGE

Rate cut hopes return to boost shares

By Terry Byland,
UK Stock Market Editor

THE LONDON stock market had no hesitation in assessing the implications of the Bundesbank's move to reduce repurchase rates yesterday; "this points the way to a rate cut in the UK", was the view expressed by London market strategists. The stock market took the hint and closed last night at a new all-time high of 2,922.1 on the FT-SE Index.

Caught out by the timing of the move in Germany, UK shares rose sharply following the news to touch a new trading high of 2,925 on the Footsie scale. This initial gain was then swiftly eroded as a £200m plus trading programme switched attention to the non-Footsie stocks and traders in the blue chips shied away ahead of the announcement of economic data from on the US.

But a favourable response on Wall Street to strong US employment figures put 12 points on the Dow in early trading and helped set London back on the upward track. At the close, the FT-SE Index showed a net gain of 17.3 points.

The buy programme in non-Footsie stocks revealed itself when Seaq volume jumped nearly threefold at mid-morning. The FT-SE Mid 250 Index had another strong session, gaining 20 points to a new peak of 3,107.9. Trading in non-Footsie stocks jumped to around 68 per cent of the day's Seaq total of 860.1m shares. The total included nearly 200m shares involved in two specific deals in investment group Rutland Trust. On Thursday, non-Footsie business made up about 57 per cent of Seaq volume of 660.3m shares, which was worth £1.43bn at retail level.

London investors are now focusing on Budget week in the UK. Budget day, on Tuesday March 16, will be followed two days later by the meeting of the Bundesbank policy council and then, on the Friday by the latest UK Retail Price Index. Strategists see this as a likely timetable for a cut of at least half a point in UK base rates.

Yesterday's move by the Bundesbank was seen as a clear step towards a cut of perhaps half a point in the Lombard rate, and perhaps of a ¼ in the discount rate, shortly.

The FT-SE Index has risen by nearly 2 per cent this week and is expected to extend its gain into the second week of the equity account. Buyers were out in force yesterday in the interest-related sectors.

The shock delivered on Thursday by Barclays Bank's dividend cut still kept enthusiasm in check, however.

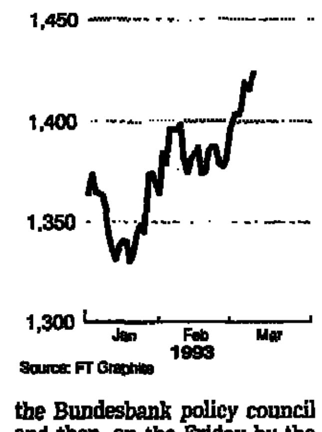
Long-dated government bonds gained around three quarters of a point as yields fell back to reflect the likelihood of another move towards lower interest rates in the UK.

Account Dealing Dates

*First Dealings:	Feb 15	Mar 1	Mar 15
Option Declarations:	Feb 25	Mar 11	Mar 25
Last Dealings:	Feb 26	Mar 12	Mar 26
Account Day:	Mar 8	Mar 22	Apr 5

*New time dealings may take place from 8.30am two business days earlier.

FT-A All-Share Index



Source: FT Graphite

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing price	Day's change
ASDA Group … Comm. Union (upper rows)	[illegible]	[illegible]	[illegible]
British Land	535	243	+1
British Steel	4,100	86½	
Bunzl	4,330	129	
Burmah Castrol	1,200	718	-3
Burton	4,100	74¼	+½
Cable & Wire.	1,700	723	-8
Cadbury Schweppes	3,500	495	+5
Calor Group	299	243	+6
Carlton Comms.	688	784	+10
Coats Viyella	2,300	227	
Comm. Union	540	621	+4
Cookson	4,900	199	-14
[illegible]			
Inchcape	693	630	+7
Johnson Matthey	584	465	-4
Kingfisher	4,100	542	+13
Kwik Save	431	634	
Ladbroke	4,200	202½	+3½
Land Securities	4,600	492	+2
Laporte	409	680	+1
Legal & General	738	478	+1
Lloyds Abbey	557	440	+3
Lloyds Bank	2,300	552	+6
LASMO	3,700	185	+3
London Elect.	632	479	+12
[illegible]			
[illegible]	430	649	+14
Ryl Bk Scotland	1,500	250	+5
Royal Insurance	1,400	297	+1
Saatchi	1,100	181	+2
Sainsbury	3,800	534	+11
Scottish & New.	1,000	459	-5
Scot. Hydro-Elect.	1,400	256	+3
Scottish Power	3,400	242	+6
Sears	4,900	103½	+2½
Sedgwick	3,800	185	+3
Seeboard	859	506	+4
Severn Trent Water	2,700	502	+3
[illegible]			
Vodafone	5,800	414½	+1½
Warburg (SG)	329	634	+3
Wellcome	962	902	-2
Welsh Water	292	565	+11
Wessex Water	310	618	+2
Whitbread 'A'	1,300	468	
Williams Hldgs	947	357	+2
Willis Corroon	926	187	+1
Wimpey	842	134	-2
Wolseley	101	587	+4
Yorkshire Elect.	156	530	+10
Yorkshire Water	821	563	+4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Income funds buy utilities

THE "Barclays" factor continued to influence the market yesterday, with many of the City's biggest income funds severely shaken by Barclays' decision to halve the final dividend.

These funds were said to have focused their interest yesterday on utilities, which are perceived by fund managers as providing safe earnings and a strong dividend return whatever the economic conditions. The prospect of Europe-wide reductions in interest rates gave further impetus to the sectors.

Water stocks performed exceptionally well, with dealers citing the unravelling of some heavy programme trade business late on Thursday, as driving share prices higher. The biggest business in the waters was seen in the Footsie-100 stocks where **Anglian** closed 6 up at 528p, **North West Water** 3½ better at 513p and **Thames** which settled 6½ to the good at 531p.

The generators moved sharply higher in heavy turnover, despite their recent strong outperformance of the rest of the utilities stocks, with **National Power** settling 8 higher at 326p and **PowerGen** the same amount better at 330p. **Scottish Hydro** shrugged aside worries that the company may be ejected from the Footsie 100 following the forthcoming March 9 meeting of the steering committee and edged up 3 to 256p. The 70p call on the Scottish generators shares is due on April 6.

Southern Electric, viewed by some as another prime candidate to drop out of the Footsie-100, closed 9 up at 479p.

Cookson rights

Confirmation of a rights issue from industrial materials company **Cookson Group** nevertheless surprised many market watchers and sent the shares into retreat on an otherwise strong day in the market.

The company, which also announced figures in line with market expectations, is to make a one-for-four rights issue at 170p a share to raise £185.6m to fund growth and reduce acquisitions. This is the second time within the last two years that the company has called on the market for cash.

The shares gave up 13 to 199p and Mr Andrew Mitchell at Smith New Court said: "The shares are unlikely to go anywhere until the potential disposals and acquisitions are seen."

Barclays rally

A reassessment of Barclays' shock move to halve the final dividend after absorbing its first ever preliminary loss, a move which triggered a plunge in the bank's shares, led to a gradual rehabilitation of the stock price.

Despite a general wave of downward adjustments of current year estimates – BZW lowered their current year expectation from £375m to £300m, County moved down from £525m to £500m and Nikko reduced to £415m – the market responded to a flurry of short covering and buying on recovery hopes.

The rally in Barclays drove the shares up 16 to 408p with turnover in the stock totalling a hefty 16m shares. NatWest, whose tier one capital ratio of 5.2 per cent was highlighted by analysts who pointed to the more secure 5.5 per cent provided by Barclays, suffered at the expense of Barclays shares, closing 7 off at 437p.

Other banks shares mirrored the overall strength of the market with **Standard Chartered** extending its recent outstanding market performance and closing a further 6 up at 708p in front of Wednesday's preliminary results which are now expected to come in above market expectations.

TSB attracted a fresh wave of takeover speculation which saw the shares race up 8 to a new all-time peak of 183p.

Union Discount shares plunged 19 to 84p after takeover talks between the discount house and an unnamed party were terminated. But the group said it had received an offer for Winterflood Securities, its successful specialist marketmaking subsidiary run by Mr Brian Winterflood.

The revelation of a strong profits increase by Barclays' securities arm, BZW, plus the recent excellent figures announced by Kleinwort Benson, saw a surge of interest in the merchant banks. **Hambros** jumped 10 to 328p, **SG Warburg** put on 3 to 634p and **Kleinwort Benson** settled 4 up at 393p.

Food retailers shrugged off recent worries of an imposition of VAT in the UK budget later this month. **J Sainsbury** gained 11 to 534p and **Tesco** firmed 4 to 249p. **Argyll Group** added 13 to 381p, boosted by a recommendation from BZW. Mr Bill Currie at the securities house said: "Trading is good especially in the new stores and there are significant productivity benefits to come over the next few years."

NatWest Securities was the day's main buyer of **Kingfisher** and the shares moved 13 ahead to 542p. The house said Thursday's falls had been overdone. Vague talk that **Argos** was planning to dispose of its home furnishings division was heard though it was quickly dismissed by analysts. The shares were however strong and closed 10 better at 290p, with BZw said to be positive on the stock.

Shares in **Airtours** gained 13 to 327½p, with dealers predicting success in its bid for rival **Owners Abroad**, 6 better at 144p.

The latest sharp rise in oil prices – Brent crude jumped around 50 cents to $19.70 a barrel – kept the oil sector on the move. The exploration and production stocks were strongly supported, reflecting the recent push to the sub-sector given by SG Warburg and the hike in oil prices. **Enterprise** closed 10 up at 488p. Hopes of imminent asset disposals continued to drive **Lasmo**, 3 firmer at 185p. **Aran's** strong acreage position west of the Shetlands oil discovery made by BP and Shell triggered keen interest in Aran shares which rose 2 to 27¼p.

A combination of factors sent **British Aerospace** into retreat. Profit-taking, combined with concerns that the company will have to repay around £60m it received from the UK government in "sweeteners", and lower than expected sales from its Rover cars subsidiary, left the shares 7 lighter at 276p. **TI Group** closed 10 up at 305p in heavy trading of 9.1m shares. Worries about the poor outlook for the automotive sector in Germany weakened **Laird Group**, and the shares eased 6 to 269p. A rise in UK new car registrations for February boosted motor dealers. **Thomas Cowie**, which reported figures this week, jumped 10 to 216p.

Whispers that **Tadpole Technology** will soon announce a significant deal sent the shares sharply ahead, jumping 27 to 324p.

MARKET REPORTERS:
Joel Kibazo,
Steve Thompson.

■ Other market statistics, Page 11.

FINANCIAL TIMES EQUITY INDICES

	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Year ago	High	Low
Ordinary share	2265.9	2258.3	2264.4	2233.3	2225.5	1968.6	2265.9	1670.0
Ord. div. yield	4.30	4.31	4.30	4.35	4.36	4.53	5.34	4.23
Earning yld % full	5.97	5.98	5.96	6.10	6.11	6.44	-	-
P/E ratio net	20.95	20.92	20.99	20.56	20.52	19.64	22.01	15.79
P/E ratio nil	19.37	19.34	19.40	19.46	19.34	18.65	-	-
Gold Mines	92.6	88.6	88.8	89.1	91.7	126.0	160.6	60.0

*for 1992/93. Ordinary share index since compilation: high 2265.9 5/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2260.4	2267.2	2262.0	2262.0	2256.1	2254.9	2258.7	2260.8	2265.5	2270.1	2254.2

Volume	Mar 5	Mar 4	Mar 3	Mar 2	Mar 1	Year ago
SEAQ Bargains	36,055	35,907	35,843	31,175	33,426	38,173
Equity Turnover(£m)†	-	1431.5	1476.6	1069.4	1152.2	1092.0
Equity Bargains†	-	40,980	40,348	37,196	40,166	42,582
Shares traded (mil)†	-	592.7	624.6	528.2	519.2	482.7

† Excluding intra-market business and overseas turnover

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1992 based on Friday March 5 1993

Gold Mines Index	+	44.91	Water	+	8.01
Merchant Banks	+	22.51	Oil & Gas	+	7.68
Engineering-Aerospace	+	22.04	Electricals	+	7.62
Metals & Metal Forming	+	20.80	Motors	+	7.08
Property	+	16.01	Textiles	+	6.20
FT-SE SmallCap ex Inv Tsts	+	14.32	Other Groups	+	5.91
Ft-Se SmallCap	+	14.02	Telephone Networks	+	5.28
Insurance (Life)	+	13.35	Transport	+	5.22
Banks	+	13.26	Other Industrials	+	4.62
Financial Group	+	12.34	FT-A All Share	+	4.42
Building Materials	+	11.54	Hotels and Leisure	+	4.40
Contracting, Construction	+	11.25	Insurance (Composite)	+	4.17
Electronics	+	11.19	FT-SE 350	+	3.87
Business Services	+	10.41	Media	+	3.02
Packaging and Paper	+	9.71	500 Share Index	+	2.98
Investment Trusts	+	9.56	FT-SE 100	+	2.66
Capital Goods	+	9.32	Industrial Group	+	2.45
Conglomerates	+	9.14	Insurance Brokers	+	2.43
Engineering-General	+	8.92	Food Retailing	+	0.59
Food Manufacturing	+	8.90	Stores	-	1.86
FT-SE Mid 250	+	8.56	Consumer Group	-	2.35
Chemicals	+	8.53	Brewers and Distillers	-	7.13
Electricity	+	8.36	Health & Household	-	11.10

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (234).
BRITISH FUNDS (49) OTHER FIXED INTEREST (3) African Dev. 11¼pc '10, Asian Dev. 10¼pc '09, Hydro Quebec 15pc '11. CANADIANS (5) Bk. Montreal, Bk. Nova Scotia, Can. Pacific, Royal Bk. Can., Trans. Can. Pipe, BANKS (6) Bk. Scot. 9¼pc Pf., Do 9¾pc Pf., HSBC, HSBC (HK), Standard Chartd., TSB, BREWERS (2) Boddington, Wetherspoon, BLDG MATLS (1) Lilleshall. BUSINESS SERVS (6) ADT, Automated Sec., Davis Serv., Inchcape, Serco, Time Prods., CHEMS (3) Euro. Colour, Halstead, Schering. CONGLOMERATES (3) Harrisons & Crosfield, MB Caradon, Do 7¾pc Pf., CONTG & CONSTRCN (2) Bryant, Eve, ELECTRICALS (1) Critchley, ELECTRICITY (14) East Midlands, Eastern, London, Manweb, Midlands, Natl. Power, Northern, Norweb, PowerGen, Seeboard, South Wales, South Western, Southern, Yorks., ELECTRONICS (7) Domino Prntg., Elecorocomps, Forward, GEC, Peek, Sage, Vistec, ENG AERO (2) FR, Hunting. ENG GEN (4) Adwest, Fairey, Molins, Vosper, FOOD MANUF (1) Barr, FOOD RETAILING (6) ASDA, Geest, Greggs, Iceland, Nurdin & Peacock, Park, HEALTH & HSEHOLD (1) CrestaCare, HOTELS & LEIS (3) Owners Abroad, Do 9¾pc Pf., Whitegate, INSCE BROKERS (1) Lloyd Thompson, INSCE LIFE (4) Britannic, Prudential, Refuge, Utd. Friendly, INV TRUSTS (49) MEDIA (3) Carlton Comms. 6½pc Pf., Headline, Johnston Press, MERCHANT BANKS (6) Barings 9¾pc Pf., Close Bros., Hambros, Kleinwort Benson, Schroders, Warburg, MTL & MTL FORMING (1) Glynwed, MISC (4) Alumasc, Danka, Faber Prest, Tams, MOTORS (5) Burndene, Cowie, First Tech., Henlys, Pendragon, OIL & GAS (2) Aran Energy, Enterprise, OTHER FINCL (7) BWD, Govett, Invesco MIM, Do 9pc '95-00, M & G., Rutland, Smith New Court, OTHER INDLS (2) McKechnie, Wilshaw, PACKG, PAPER & PRINTG (2) Carnaud Metalbox, Low & Bonar, PROP (8) Burford, Cap. & Regional, Debenham Tewson & C., GT Portland 9½pc '02, Peel, Safeland, Savills, Town Centre, STORES (3) Brown (N), French Connection, Moss Bros, TEXTS (3) Courtaulds, Martin Intl., Usher (F), TRANSPORT (2) GATX, Manchester Ship, WATER (12) Anglian, Cheam, East Surrey, North West, Northumbrian, Severn Trent, South West, Southern, Thames, Welsh, Wessex, Yorks., MINES (1) RTZ.

NEW LOWS (6).

BLDG MATLS (1) Johnston, CONTG & CONSTRCN (1) Lon. & Clydeside, INV TRUSTS (1) Derby Inc., MEDIA (2) Allied Radio, Goodhead, PROP (1) Embassy

EQUITY FUTURES AND OPTIONS TRADING

LONDON's enthusiastic reception for the easing in repurchase rates in Germany was fully reflected in the derivates markets yesterday, writes Terry Byland. The March contract on the FT-SE Index continued to show its strong premium against the cash market. Trading volume was reduced somewhat, but the market stood up well to a bout of selling by one source.

News of the Bundesbank's move came soon after the opening of the stock index future, and the March contract quickly soared to a day's high of 2,938, holding a 13 point premium against the underlying Footsie. The seller then drove the contract all the way down to 2,908 but the 2,900 mark was safely held. The final official quotation of 2,931 showed the contract at a premium of around 9 points to cash, with the fair value calculation at a four point discount.

Dealers reported renewed activity on the spread now showing between March and the June contract. Of total volume of around 8,400 contracts some 1,500 deals reflected intra-contract spread trading.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	65	1	11	182	110	93
Other Fixed Interest	4	2	9	24	6	45
Commercial, Industrial	383	206	826	1,835	1,028	4,212
Financial & Property	246	82	465	1,045	477	2,449
Oil & Gas	20	17	47	103	78	239
Plantations	0	0	8	1	6	33
Mines	34	10	94	120	154	419
Others	39	50	31	202	213	182
Totals	791	368	1,491	3,512	2,072	7,672

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	114.3069	-0.002	7.85	7.98	8.64
BELGIUM		9.000	03/03	111.4750	+0.740	7.34	7.55	7.57
CANADA *		7.250	06/03	98.9000	-1.650	7.40	7.39	7.96
DENMARK		8.000	05/03	98.9000	+0.950	8.16	8.71	8.60
FRANCE	BTAN	8.000	05/98	103.4000	+1.127	7.17	7.82	7.82
	OAT	8.500	04/03	108.4600	+0.682	7.28	7.51	7.79
GERMANY		7.125	12/02	104.3800	+0.650	6.50	6.70	7.08
ITALY		12.000	05/02	97.3200	+0.820	12.88†	13.23	13.19
JAPAN	No 119	4.800	06/99	105.2907	+0.155	3.76	3.83	4.19
	No 145	5.500	03/02	110.4709	-0.155	3.93	3.87	4.35
NETHERLANDS		7.000	02/03	103.7000	+0.514	6.48	6.59	7.09
SPAIN		10.300	06/02	93.5000	+0.950	11.45	11.76	11.67
UK GILTS		7.250	03/98	102-30	+4/32	6.53	6.60	6.70
		8.000	06/03	52-31	+18/32	7.55	7.78	7.95
		9.000	10/08	107-26	+22/32	8.22	8.28	8.53
US TREASURY *		6.250	02/03	102-08	-14/32	5.95	6.00	6.42
		7.125	02/23	104-04	-12/32	6.80	6.88	7.24
ECU (French Govt)		8.000	04/03	103.2000	+0.938	7.53	7.78	8.16

London closing, *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2922.1 +17.3	3107.9 +20.0	1424.13 +8.38

	Mar 5	Day's change	Mar 4	Mar 3	Mar 2	year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd	1992/93 High	1992/93 Low	Since Compilation High	Since Compilation Low
FT-SE 100	2922.1	+0.6	2904.8	2918.6	2882.3	2533.1	6.32	4.12	20.14	13.45	2922.1 5/3/93	2281.0 25/8/92	2922.1 5/3/93	986.9 23/7/84
FT-SE Mid 250	3107.9	+0.6	3087.9	3077.9	3050.0	2513.0	6.65	4.12	19.03	9.00	3107.9 5/3/93	2157.8 16/9/92	3107.9 5/3/93	1379.4 21/1/86
FT-SE-A 350	1442.3	+0.6	1433.6	1438.0	1421.1	1232.4	6.39	4.12	19.89	6.11	1442.3 5/3/93	1103.1 25/8/92	1442.3 5/3/93	664.5 14/1/86
FT-SE SmallCap	1554.98	+0.4	1549.16	1549.02	1538.21	—	5.27	4.11	26.48	5.79	1554.98 5/3/93	1363.79 31/12/92	1554.98 5/3/93	1363.79 31/12/92
FT-SE SmallCap ex Inv Trusts	1559.08	+0.4	1553.04	1553.00	1541.58	—	5.87	4.36	24.39	5.02	1559.08 5/3/93	1363.79 31/12/92	1559.08 5/3/93	1363.79 31/12/92
FT-A ALL-SHARE	1424.13	+0.6	1415.75	1419.72	1403.41	1218.30	6.33	4.12	20.19	5.98	1424.13 5/3/93	1086.13 25/8/92	1424.13 5/3/93	61.92 13/12/74
1 CAPITAL GOODS(211)	957.48	+0.6	951.54	951.08	937.96	796.32	5.87	4.41	22.24	1.70	957.48 5/3/93	664.23 9/9/92	1038.07 16/7/87	50.71 13/12/74
2 Building Materials(27)	991.64	+1.1	980.51	982.75	977.62	967.65	5.24	5.32	26.97	0.77	1121.52 11/5/92	617.65 9/9/92	1381.08 16/7/87	44.27 11/12/74
3 Contracting, Construction(29)	822.43	-0.1	823.55	825.75	817.74	901.06	3.01	5.85	80.00†	1.66	1089.64 11/5/92	485.72 9/9/92	1851.50 16/7/87	71.48 2/12/74
4 Electricals(14)	2754.08	+0.3	2746.95	2721.95	2642.08	2487.81	5.30	5.27	24.84	3.25	2774.68 4/2/93	1874.89 20/10/92	3040.80 8/9/89	84.71 25/6/62
5 Electronics(35)	2617.73	+0.7	2598.44	2576.51	2519.24	1863.13	6.08	3.27	20.80	15.06	2617.73 5/3/93	1655.93 13/1/92	2617.73 5/3/93	1229.01 8/10/85
6 Engineering-Aerospace(7)	361.94	+0.7	359.26	355.52	350.01	345.20	9.77	4.95	13.03	1.03	408.10 20/5/92	243.47 24/11/92	502.42 13/6/90	243.47 24/11/92
7 Engineering-General(52)	559.11	+0.3	557.23	556.91	551.54	497.77	7.11	4.26	17.99	1.30	567.62 20/5/92	409.31 9/9/92	567.62 20/5/92	339.57 23/1/91
8 Metals & Metal Forming(11)	390.13	-0.1	390.60	387.17	384.35	328.96	4.45	3.36	32.70	0.34	390.60 4/3/93	255.51 8/9/92	596.67 9/10/87	49.65 6/1/75
9 Motors(18)	403.42	+0.7	400.52	402.26	398.00	319.67	4.81	5.63	28.97	0.00	406.60 3/2/93	274.42 1/9/92	411.42 13/10/87	19.91 6/1/75
10 Other Industrials(18)	2092.16	+0.6	2078.76	2088.54	2055.54	1569.18	5.90	4.06	20.48	0.39	2092.16 5/3/93	1480.17 9/9/92	2092.16 5/3/93	277.55 15/1/81
21 CONSUMER GROUP(232)	1720.00	+0.4	1713.06	1718.93	1708.65	1659.45	6.84	3.49	18.17	6.37	1773.10 4/1/93	1446.17 25/8/92	1773.10 4/1/93	61.41 13/12/74
22 Brewers and Distillers(28)	1950.31	+0.2	1946.13	1947.21	1956.45	2083.72	8.64	3.89	14.12	10.18	2278.85 11/5/92	1812.14 5/10/92	2278.85 11/5/92	69.47 13/12/74
25 Food Manufacturing(22)	1447.82	+0.5	1441.04	1441.78	1442.82	1271.58	7.29	3.68	17.09	1.54	1447.82 5/3/93	1064.95 10/9/92	1447.82 5/3/93	59.67 11/12/74
26 Food Retailing(18)	3279.97	+2.1	3211.83	3210.28	3195.81	2636.75	7.75	3.20	15.78	2.40	3427.94 28/1/93	2293.80 10/1/92	3427.94 28/1/93	54.25 11/12/74
27 Health & Household(29)	3797.57	-0.5	3815.16	3844.96	3786.69	4262.50	6.11	3.14	18.93	21.95	4654.94 14/1/92	3648.63 28/8/92	4654.94 14/1/92	175.38 28/5/80
29 Hotels and Leisure(20)	1350.36	+0.2	1347.10	1354.78	1336.91	1307.48	5.95	5.10	22.50	14.46	1450.36 13/5/92	898.80 18/9/92	1845.77 8/9/89	54.83 9/1/75
30 Media(33)	1888.23	—	1887.85	1897.46	1881.24	1553.17	5.51	2.85	22.61	3.36	1902.21 3/2/93	1376.55 25/8/92	1902.21 3/2/93	1166.91 18/1/91
31 Packaging and Paper(23)	860.84	+0.3	858.28	851.31	843.57	764.84	6.26	3.83	19.71	0.57	875.53 13/5/92	633.17 16/9/92	875.53 13/5/92	43.46 6/1/75
34 Stores(39)	1145.19	+0.9	1135.01	1143.51	1128.95	1055.73	6.25	3.18	21.23	2.92	1170.17 5/1/93	907.08 25/8/92	1170.17 5/1/93	52.63 6/1/75
35 Textiles(20)	798.37	+0.3	796.34	789.99	784.50	661.60	6.17	3.99	20.54	0.66	798.37 5/3/93	551.94 25/8/92	914.52 2/10/87	62.66 11/12/74
40 OTHER GROUPS(142)	1530.81	+0.7	1519.90	1524.97	1505.49	1230.03	7.89	4.32	15.63	4.84	1530.81 5/3/93	1140.56 3/4/92	1530.81 5/3/93	58.63 6/1/75
41 Business Services(27)	1685.98	+0.9	1671.18	1669.89	1647.76	1384.16	5.32	3.07	23.18	0.48	1685.98 5/3/93	1160.34 1/9/92	1685.98 5/3/93	892.28 1/2/91
42 Chemicals(23)	1554.67	—	1554.91	1548.00	1518.88	1519.11	5.66	4.70	22.43	0.67	1629.99 8/5/92	1243.05 1/9/92	1629.99 8/5/92	71.20 1/12/74
43 Conglomerates(11)	1520.12	+0.9	1506.01	1506.07	1495.79	1353.22	6.85	5.27	16.50	13.31	1521.36 3/2/93	1067.92 2/9/92	1819.46 11/8/89	975.19 10/11/87
44 Transport(16)	2922.46	-0.1	2925.52	2938.67	2928.64	2400.50	7.31	4.07	18.53	3.49	2938.67 3/3/93	2133.28 26/8/92	2938.67 3/3/93	90.80 29/6/62
45 Electricity(16)	1713.87	+2.0	1680.39	1673.07	1658.90	1215.68	12.84	4.43	10.16	16.54	1713.87 5/3/93	1044.63 7/4/92	1713.87 5/3/93	894.96 7/1/91
46 Telephone Networks(4)	1778.48	+0.5	1769.44	1790.58	1750.26	1414.57	7.41	3.85	17.59	1.63	1790.58 3/3/93	1274.20 3/4/92	1790.58 3/3/93	517.92 30/11/84
47 Water(13)	3538.16	+1.0	3502.27	3489.00	3462.26	2426.80	12.77	5.01	8.70	11.83	3538.16 5/3/93	2140.95 8/4/92	3538.16 5/3/93	1820.20 1/5/90
48 Miscellaneous(32)	2422.89	+0.8	2407.42	2432.93	2412.65	1786.28	6.03	4.24	20.92	1.84	2533.67 22/12/92	1770.94 3/1/92	2533.67 22/12/92	60.39 6/7/75
49 INDUSTRIAL GROUP(585)	1476.17	+0.6	1468.03	1471.35	1456.75	1305.71	7.03	3.85	17.77	4.86	1476.17 5/3/93	1168.49 1/9/92	1476.17 5/3/93	59.01 13/12/74
51 Oil & Gas(18)	2426.10	+0.5	2413.78	2421.25	2385.05	2016.23	5.92	5.25	21.87	23.60	2426.10 5/3/93	1756.72 7/8/92	2528.70 3/8/90	87.23 29/5/62
59 "500" SHARE INDEX(603)	1562.63	+0.5	1554.09	1558.31	1541.45	1373.33	6.91	4.09	18.14	6.02	1562.63 5/3/93	1228.86 26/8/92	1562.63 5/3/93	63.49 13/12/74
61 FINANCIAL GROUP(89)	987.59	+0.8	979.32	983.38	967.60	722.22	3.81	4.53	43.34	6.00	987.59 5/3/93	631.13 25/8/92	987.59 5/3/93	55.88 13/12/74
62 Banks(9)	1357.74	+1.1	1343.60	1351.52	1328.85	905.90	5.93	4.15	23.04	10.88	1357.74 5/3/93	790.95 3/4/92	1357.74 5/3/93	62.44 12/12/74
65 Insurance (Life)(6)	2017.72	+0.5	2007.38	2006.91	1973.49	1437.82	2.51	4.51	70.32	0.00	2017.72 5/3/93	1243.61 6/4/92	2017.72 5/3/93	44.88 2/1/75
66 Insurance (Composite)(7)	657.52	+0.6	653.33	659.67	646.63	473.89	‡	5.03	‡	5.25	859.67 3/3/93	418.88 27/7/92	788.11 28/12/89	43.86 13/12/74
67 Insurance Brokers(10)	797.27	+0.7	791.81	794.05	787.89	1000.02	7.37	6.70	18.31	5.42	1031.35 27/1/92	527.43 25/8/92	1399.56 17/7/87	65.86 16/12/74
68 Merchant Banks(6)	[illegible]													
69 Property(25)	[illegible]													
70 Other Financial(23)	[illegible]													
71 Investment Trusts(107)	[illegible]													
99 FT-A ALL-SHARE(799)	1424.13	+0.6	1415.75	1419.72	1403.41	1218.30	[illegible]							

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	High/day	Low/day
FT-SE 100	2911.8	2921.4	2917.3	2917.1	2910.1	2908.9	2913.3	2914.4	2922.3	2922.1	2925.0	2907.7
FT-SE Mid 250	3094.7	3104.8	3105.0	3106.1	3106.1	3104.7	3104.9	3104.4	3107.5	3107.9	3108.1	3094.7
FT-SE-A 350	1437.0	1441.8	1440.2	1440.2	1437.5	1436.9	1438.6	1439.0	1442.0	1442.3	1443.0	1436.5

FT-SE Actuaries 350 Industry Baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Prev close	change
Construction	1617.0	1620.1	1618.8	1617.8	1617.6	1617.8	1617.8	1618.7	1618.0	1613.8	1617.0	-3.4
Health&H	1149.6	1149.5	1142.2	1142.5	1141.0	1140.0	1142.6	1142.5	1141.8	1143.7	1149.9	-5.2
Water	1476.6	1472.1	1465.9	1471.0	1470.0	1470.4	1480.1	1461.5	1465.1	1462.9	1448.3	+14.6
Banks	1638.5	1641.8	1645.0	1637.0	1635.9	1634.9	1636.8	1641.9	1648.4	1648.9	1632.4	+16.5

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE SmallCap	31/12/92	1363.79	Engineering - General	29/12/89	488.00	Other Financial	31/12/70	128.06
FT-SE SmallCap exInv Trusts	31/12/92	1363.79	Water	29/12/89	1968.45	Food Manufacturing	29/12/67	114.13
FT-SE Mid 250	31/12/85	1412.60	Conglomerates	29/12/89	1114.07	Food Retailing	29/12/67	114.13
FT-SE-A 350	31/12/85	682.94	Telephone Networks	30/11/84	517.92	Insurance Brokers	29/12/67	96.67
FT-SE 100	31/12/83	1000.00	Electronics	30/12/83	1646.65	Mining Finance	29/12/67	100.00
Business Services	31/12/80	999.65	Other Industrial Materials	31/12/80	287.41	All Other	10/4/62	100.00
Electricity	31/12/90	999.65	Health/Household Products	30/12/77	261.77	British Government	31/12/75	100.00
Media	31/12/80	1226.68	Other Groups	31/12/74	63.75	Do. Index-linked	30/4/82	100.00
Engineering-Aerospace	29/12/89	486.00	Industrial Group	31/12/74	128.20	Debs & Loans	31/12/77	100.00

† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

Provisional Price for Trading on 05.03.93; Final Prices for Trading on 04.03.93

1/2 hour period ending	Pool purchase price £/MWh	Pool Purchase price £/MWh	Pool selling price £/MWh
0030	19.79	18.73	18.73
0100	29.87	29.15	30.65
0130	29.87	29.15	30.62
0200	29.87	29.15	30.67
0230	29.87	24.85	26.08
0300	28.24	22.41	23.59
0330	25.59	22.41	23.59
0400	21.84	20.67	21.80
0430	20.98	20.67	21.80
0500	20.98	17.59	17.59
0530	22.37	17.65	17.65
0600	22.37	17.74	17.74
0630	22.08	17.74	17.74
0700	22.08	20.93	22.11
0730	22.08	20.93	22.13
0800	22.08	17.65	17.65
0830	22.83	20.93	22.11
0900	24.17	22.33	23.57
0930	25.09	23.08	24.34
1000	25.09	28.34	29.82
1030	25.09	28.34	29.81
1100	25.09	28.34	29.81
1130	25.09	28.34	29.82
1200	25.09	23.08	24.34
1230	25.09	23.08	24.34
1300	22.94	22.33	23.58
1330	22.62	22.33	23.57
1400	21.61	22.33	23.58
1430	20.04	17.65	17.65
1500	25.00	17.59	17.59
1530	25.00	17.69	17.59
1600	25.00	17.59	17.59
1630	17.64	17.57	17.57
1700	18.05	18.60	18.60
1730	25.04	28.20	29.57
1800–2400	[illegible]	[illegible]	[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 873 4378.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	164.3	166.1	174.8	-1.40	0.00
AIB Grofund Equity	5	209.1	212.0	224.4	+1.00	3.80
AIB Grofund Euro	5	163.2	163.9	174.3	-0.60	0.26
AIB Grofund Eur Balanced	3	101.8	103.7	107.0	-0.10	2.28
AIB Grofund Gilt	3	78.15	78.30	80.73	+0.17	5.50
AIB Grofund Japan	5	131.1	132.6	139.6	+0.10	0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corporation St, Coventry 0203 553231						
General Inc	5	419.6	421.3	448.2	+0.7	2.62
General Acc	5	456.9	458.8	488.1	+0.7	2.62
UK Growth Acc	6	307.6	311.7	331.7	+1.0	2.94
UK Growth Inc	6	220.5	223.5	237.8	+0.7	2.94
Higher Inc Acc	6	552.8	560.7	596.5	+3.1	4.04
Higher Inc Inc	6	341.0	345.9	368.0	+1.9	4.04
Gilts/Fxd Int Acc	5½	176.0	176.0xd	185.8	+0.7	6.65
Gilts/Fxd Int Inc	5½	92.23	92.23xd	97.40	+0.39	6.69
Nth America	6	261.0	266.5	283.6	-3.3	0.00
Far East	6	259.5	259.5	276.1	-0.2	0.32
Europe	6	217.4	217.4	231.3	-1.2	1.29
Brit Excell	6	63.55	63.55	67.61	+0.14	2.93
Brit Fndmtls Acc	6	83.78	83.78	89.13	+0.43	5.24
Brit Fndmtls Inc	6	65.76	65.76	69.96	+0.34	5.24
Global Opps	6	69.13	69.13	73.55	-0.24	0.02
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
Gilts & Fixed Int	6	129.3	129.3xd	137.1	+0.2	6.93
High Inc Equity	6	149.1	151.0	160.6	+0.1	5.29
Worldwide Bond	6	266.8	266.8xd	282.9	-0.9	6.42
American Growth	6	292.1	292.1	312.4	-2.7	.64
Asian Pacific	6	210.6	215.3	229.0	+0.1	.85
Assets & Earnings	6	225.6	230.1	244.7	+0.7	2.60
Capital Reserve Acc	0	124.9	124.9	125.0	-0.1	5.95

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Britannia Life Unit Managers Ltd (1200)F						
50 Bothwell Street, Glasgow G2 6HR						
Balanced Growth	6	93.72	94.81	101.[illegible]		
Do (Accum)	6	102.32	103.51	110.[illegible]		
Smaller Cos	6	75.81	77.57	82.[illegible]		
Do (Accum)	6	81.98	83.88	89.[illegible]		
Higher Yield	6	37.41	37.88	40.[illegible]		
Do (Accum)	6	51.04	51.67	55.[illegible]		
American Gth Inc	6	57.10	57.22xd	61.[illegible]		
Do (Accum)	6	58.18	58.31	62.[illegible]		
European Growth	6	94.70	94.70xd	101.[illegible]		
Do (Accum)	6	96.02	96.02	102.[illegible]		
Global Bond Inc	6	29.57	29.63	31.[illegible]		
Do (Accum)	6	36.41	36.48	38.[illegible]		
Managed P'folio Inc	6	34.25	34.34	36.[illegible]		
(Do Accum)	6	34.35	34.43	36.[illegible]		
Pacific Growth Accum	6	88.39	89.62	95.[illegible]		
Intl Spec Opps Accum	6	85.36	86.44	92.[illegible]		
Brown Shipley & Co Ltd (1000)H						
9-17 Perrymount Rd Haywards Hth						
Mngd P'folio Inc	6	91.22	91.22xd	97.[illegible]		
Mngd P'folio Acc	6	172.4	172.4	183.[illegible]		
UK General	6	148.5	148.5	158.[illegible]		
European Inc	6	22.82	22.82	24.[illegible]		
European Acc	6	23.57	23.57	25.[illegible]		
Financial	6	116.2	116.2xd	123.[illegible]		
Foundation	6	73.72	75.36	80.[illegible]		
German	6	43.04	43.04	46.[illegible]		
Growth Inc (5-U)	5	28.27	28.27	30.[illegible]		
Growth Acc (5-U)	5	32.92	32.92	35.[illegible]		
High Income	6	70.62	71.17xd	76.[illegible]		
Income	6	124.5	126.6	135.[illegible]		
Intl Income	6	89.46	89.46	95.[illegible]		
Intl Growth	6	32.78	32.78	34.[illegible]		
Monthly Income	6	68.74	70.82	75.[illegible]		
North American	6	105.7	106.7	113.[illegible]		
Orient	6	100.6	100.6	108.[illegible]		
Recovery	6	35.59	37.19	39.[illegible]		
Smaller Cos Acc	6	259.1	275.6	293.[illegible]		
Smaller Cos Inc	6	151.7	161.4	171.[illegible]		
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR						
Income Growth	1	192.5	192.5	197.[illegible]		
Buckmaster Mangmt Co Ltd (0930)H						
15 St Botolph Street, London EC3A 7JJ						

[illegible]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NM Unit Trust Mngrs (1200)F						
The Bilton Centre, North Harbour, Portsmouth						
Enquiries 0705 372222 Dealing: 0705 387730						
American	5¼	44.31	44.31	47.26	-0.56	0.72
(Accum Units)	5¼	48.22	48.22	51.43	-0.60	0.72
Australian	5¼	255.4	256.5	273.2	-1.50	0
(Accum Units)	5¼	288.8	290.1	311.2	-1.70	0
Conscience	5¼	62.82	62.82	67.04	+0.18	1.48
(Accum Units)	5¼	67.46	67.46	71.99	+0.20	1.48
European	5¼	168.1	168.1	179.3	-0.80	1.23
(Accum Units)	5¼	179.4	179.4	191.3	-0.90	1.23
Extra Income	5¼	71.02	71.02	75.79	+0.13	5.8
(Accum Units)	5¼	107.1	107.1	114.3	+0.30	5.8
Far East Gth Acc	5¼	147.5	147.5	157.8	+0.50	0.12
Gilt & F.I.	3¼	58.15	58.15	61.95	+0.25	7.49
(Accum Units)	5¼	137	137	144.9	+0.60	7.49
Gold	5¼	28.98	29.27	31.47	+0.15	0
(Accum Units)	5¼	31.22	31.52	33.89	+0.16	0
Income	3¼	51.07	51.07	54.47	+0.20	5.51
(Accum Units)	5¼	153.1	153.1	163.3	+0.60	5.51
Intnl	5¼	28.41	28.41	30.48	-0.11	0.95
(Accum Units)	5¼	40.81	40.81	43.78	-0.16	0.95
Jap Smaller Cos	5¼	247.1	247.1	263.5	-1.80	0
Sing & Malaysian	5¼	149.2	149.2	160	-2.50	0
(Accum Units)	5¼	156.2	156.2	166.4	-2.60	0

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation.
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

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Sharp (Albert E.) & Co (1000)F
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex
Enquiries. 0277 227300 Dealing: 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AES European	5	108.80	109.30	115.10	-0.80	1.40
AES Intl Bond & Cnv	5	126.40	126.60	133.30	-0.10	5.42
AES Pooled Pension	7	151.7	155.6	164.4	....	-
AES Smaller Cos	5	61.26	63.20	66.53	+0.02	1.97
AES UK General	5	118.10	120.10	126.40	-0.10	2.71

Sheppards Unit Trust Mngmt Ltd (1200)F
1 White Hart Yard, London Bridge SE1 071 407 5966

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	390.22	390.22	415.13	+1.95	4.99
Global Inc	5	58.07	58.07	61.78	-0.07	3.94
Brit Leaders	5	318.83	318.83	339.18	+1.19	3.02
Intl Leaders	5	188.16	188.16	200.17	-1.55	1.64
Fxd Int Bal Gwth Inc	3¼	53.31	54.56	56.69	+0.12	3

Singer & Friedlander UT Mgmt Ltd (1000)F
PO Box 224, Beckenham, BR3 4TF 081-663 3003

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European Trust	6	53.12	53.22	56.62	-0.25	1.33
Far Eastern Tst	6	54.03	56.89	60.52	-0.92	1.14
Smaller Cos	5	141.9	146.3	155.6	-0.3	1.87

Smith & Williamson Unit Tst Mgrs (1600)F
1 Riding House St, London W1A 3AS 071-637 5377

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
S & W American	5	275.9	276.5	292.6	+1.40	0.92
S & W Capital	5	116.6	116.6	124.8	....	1.90
S & W Cash	0	102.61	102.61	102.61	+0.01	5.74
S & W European	5	116.9	117.0	123.8	....	1.60
S & W Far Eastern	5	121.5	122.7	129.8	+0.50	0.07
S & W Growth	5	124.3	125.7	133.0	....	1.58
S & W Income	5	111.2	112.4	118.9	....	4.90
S & W Magnum	5	123.4	123.4	132.1	....	2.07
S & W Smllr Secs	5	301.5	307.6	325.4	-0.70	0.64
S & W Thoroughbred	5	143.0	143.0	153.1	-0.10	1.76

Societe Generale Touche Remnant (1200)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-410 4029

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5¼	83.11	83.11	88.88	-0.71	0
Eur Sp Sits Acc	5¼	45.61	45.61	48.48	+0.09	0
Eur Sp Sits Inc	5¼	43.08	43.08	45.78	+0.08	0
Far East Opps Inc	5¼	30.01	30.01	32.39	+0.20	0
Far East Opps Acc	5¼	30.83	30.83	33.28	+0.20	0

Whittingdale Unit Tst Mgmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT 071-600 0462

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Challenger	2¼	94.09	94.09	96.29	-0.16	0.00
Short Dtd Gilt	1¼	110.1	110.1	111.6	+0.10	4.47
U.S. Govt Bond	1¼	$0.7133	0.7133	0.7226	+0.0004	0.00
Gilt Income	4	53.13	53.13	55.29	+0.07	8.00
Gilt Growth	4	66.17	66.17	68.88	+0.09	0.00
City Reserve	0	52.28	52.28	52.28	+0.02	5.83

Woolwich Unit Trust Managers Ltd (1700)H
2 White Oak Square, Swanley BR8 7AG 081 298 4000

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stockmarket Fd F	5	66.44	66.65	70.90	+0.47	2.23

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Grss
Int'l Exp Mar 3	658.2	680.1	.....	1.02

Baring Investment Mngmt Ltd
155 Bishopsgate, London EC2M 3XY
071 214 1050 (general enquiries) 071 214 1004 (dealing)
Charitable Funds

	Bid Price	Offer Price	+ or -	Yield Grss
UK Growth & Income	52.84	54.73	.....	5.0
Income Plus	50.07	51.10	.....	7.4

James Capel Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Grss
European Exempt	£131.375	132.591	-1.119	2.97
Japanese Exempt	£132.005	113.736	-0.254	-
Managed Exempt	£130.535	130.83	-0.007	3.04
North American Exempt	£105.718	107.549	-0.991	1.12
Pacific Exempt	£116.244	118.496	+0.798	2.85

Cent. Bd. of Fin. of Church of England††
2 Fore Street, London EC2Y 5AQ 071-588 1815

	Bid Price	Offer Price	+ or -	Yield Grss
Inv Fund Feb 28	604.15	609.40	.....	4.74
Fxd Int Sec Feb 28	155.70	156.48	.....	9.27

INSURANCES

Continued on next page

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Prolific Life & Pensions Ltd

Stramongate Kendall, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Adventurous Mngd.	168.1	178.4	-0.4	-
Balanced Grwth Mngd.	687.2	731.1	-0.4	-
Cautious Mngd.	130.8	139.2	-0.1	-
Cash Fd	318.5	335.7	+0.4	-
Property Fund	217.1	231.0	----	-
Gilt Fund 20	451.8	480.7	+0.2	-
Equity Fund	787.3	837.6	-2.2	-
Fxd Int. Fund	424.8	447.7	----	-
International	350.5	372.9	-1.4	-
High Income	617.5	657.0	+0.5	-
Technology	459.0	488.4	-0.3	-
North American	474.0	504.3	-2.5	-
Far East	463.0	492.6	-1.9	-
Special Sits	566.9	603.1	+0.7	-
Extra Inc Fd.	334.9	356.3	+0.6	-
American Income	191.5	203.8	-1.3	-
Convertible & Gilt Fd.	162.0	172.4	+0.3	-
European Fund	127.1	135.3	-0.4	-
Pref & Fixed Int.	116.0	123.5	-0.6	-
UK Blue Chip	120.6	127.1	+0.2	-
Recovery Fund	120.0	126.5	+0.5	-
Equity Income Dist.	111.2	118.4	+0.1	5.08
Managed Dist.	104.9	111.7	-0.1	5.77
High Yield Dist.	105.8	111.5	-0.1	8.00
Pension Funds				
Adventurous Mngd Pens Acc.	178.7	188.2	-0.3	-
Balncd Gth Mngd Pens Acc	810.7	853.4	+1.6	-
Cautious Mngd Pens Acc.	151.9	159.9	-0.1	-
Building Soc. Acc	367.8	387.2	+0.4	-
Property Pens. Acc.	296.4	312.0	----	-
Fix. Int. Pens. Acc	674.5	710.1	+0.6	-
Equity Pens Acc.	1035.5	1090.0	+2.6	-
International Pens Acc.	328.3	345.6	-1.6	-
High Inc Pens Acc.	700.3	737.2	+1.3	-
Tech Pens Acc	324.1	341.2	+4.3	-
N American Pens Acc.	365.8	385.1	-2.1	-
Far Eastern Pens Acc.	472.3	497.2	-3.1	-
Special Sits Pens Acc.	467.8	492.5	+1.4	-
Extra Income Pens Fd.	411.9	433.6	+1.1	-
American Inc Pens.	222.8	234.6	+0.6	-
Convertible & Gilt Pen.	197.9	208.4	-1.6	-
European Pens.	142.7	150.3	-0.4	-
Managed Cash Pens.	173.1	182.3	+0.2	-
Pref & Fixed Pens.	135.1	142.3	-0.5	-
UK Blue Chip	128.9	135.7	+0.2	-

Reliance Mutual

Reliance House, Tonbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	169.4	178.3	----	-
Equity Acc Fd.	415.1	437.0	----	-
Managed Acc Fd	367.3	386.7	----	-
Prop Fd (1st Issue)	-	667.2	----	-
Prop Acc Fd (2nd Iss)	125.9	132.5	----	-
Unit Trust Mn. Fd	177.8	187.1	----	-
RL Pension Funds				
Deposit Acc	246.6	259.6	----	-
Equity Acc	313.4	329.9	----	-
Fixed Int Acc	254.7	268.1	----	-
Gilt Indx Lnk Acc	191.8	201.9	----	-
Managed Acc	412.6	434.3	----	-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester
Telephone: 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Income Distribution	97.30	102.5	-0.20	-
JRA/M&G Managed	120.6	127.0	-0.50	-
JRA/Scottish Amicable Mngd	115.9	122.1	+0.10	-
JRA/Sr James's Place Mngd	123.5	130.1	-0.10	-
Deposit	100.6	105.9	----	-
Far East	127.5	134.3	+1.20	-
Gilts	110.0	115.8	+0.50	-
Greater European	117.8	124.1	-0.30	-
North American	137.2	144.5	-1.50	-
UK Equity	121.0	127.4	----	-
Pension Funds				
JRA/M&G Managed cap	119.4	125.7	+0.10	-
JRA/M&G Managed acc	124.0	130.6	+0.10	-
JRA/Scottish Amicable Mngd cap	116.2	122.4	+0.20	-
JRA/Scottish Amicable Mngd acc	120.7	127.1	+0.20	-
JRA/St James's Pl Mngd cap	129.9	136.8	-0.10	-
JRA/St James's Pl Mngd Acc	134.9	142.1	-0.10	-
Deposit cap	100.4	105.7	----	-
Deposit acc	104.3	109.8	----	-
Far East cap	125.6	132.3	+1.40	-
Far East acc	130.5	137.4	+1.50	-
Gilts cap	107.8	113.5	+0.90	-
Gilts acc	112.0	117.9	+0.90	-
Greater European cap	120.7	127.1	-0.20	-
Greater European acc	125.4	132.0	-0.20	-
North American cap	135.5	142.7	-1.70	-
North American acc	140.8	148.3	-1.70	-
UK Equity cap	121.9	128.4	+0.10	-
UK Equity acc	126.7	133.4	+0.10	-

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (REGULATED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)

OFFSHORE INSURANCES

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	Bid Price	Offer Price	+ or –	Yield Gross
IBI Global Funds Limited				
Intl Stlg Gwth	£22.18	23.36		–
Intl $US Gwth	$18.53	19.52		–
High Income Gilt	£27.52	28.53		–
International Equity	£22.84	24.06		–
International Bond	£24.71	25.62		–
Managed Currency	£28.13	28.42		–
Sterling Currency	£26.87	27.15		–
US$ Currency	$37.89	38.29		–
Irish £ Currency	I£15.91	16.08		–
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.42	11.90		–
B F Offshore Inc Fd Ltd	£12.58	13.11		–
IMC Offshore Fd	£10.01	10.84		–

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	£1.049	1.054	1.127		1.1
Global Income (Inc)	5¼	£0.569	0.569	0.609		3.0
Global Resources	5¼	£0.449	0.449	0.480		0.2

	Bid Price	Offer Price	+ or –	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust World Inv Port	£2.622	2.789		
Dealing Weekly on Thursday				
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3.7776	4.0145		
Offshore Japanese Gwth Fd	$0.9484	1.0080		
Offshore Am Gwth Fd	$6.6921	7.1117		
Offshore Emerging Cos	$4.2106	4.4747		
Offshore European Fd	$1.5667	1.6650		
Offshore Global Bond	$1.0120	1.0542		
Offshore Global Bond Acc	$1.0120	1.0542		
Offshore Far Eastn Fd	$2.5934	2.7561		
Offshore UK Growth Fd	$2.0995	2.2312		
Royal Bk of Scotland Fd Mngrs				
Ivory Growth Fund	£16.46	16.71		
LFM Defensive Surgy	£11.68	12.32		

	Bid Price	Offer Price	+ or –	Yield Gross
Asian Convertibles & Income Fd (Cayman)				
NAV Feb 25	$11.03			–
Austro-Hungary Fund Ltd				
Lloyds Bank Fund Managers (Guernsey) Ltd				
NAV Feb 25	$5.91			–
BEA Associates				
Sth America NAV Feb 25	$2.46			–
Mexico Loc Assets Feb 23	$12.5065			–
Argentina Debt Fd Feb 23	$12.07			–
Global Asset Management-Contd.				
GAM Tyche	$288.86			–
GAM U.S.	$218.03			–
GAM ut Investments	$713.38		+2.20	–
GAM Value	$115.59			–
GAM Whitethorn	$179.16			–
GAM Worldwide	$360.19			–
GSAM Composite	$283.92			–
GAM Bond $ Ord	$141.88			–
GAM Bond $ Special	$169.16			–
GAM Bond SwFr	SFr96.31			–
Orbitex Bahamas Ltd				
Orbitex Nat Res Fd	C$11.6860	12.8046		–
Orbitex Growth Fund	$7.5731	8.3304		–
ORIENT Growth Fd				
NAV	$9.72		–0.02	–
PFC Internatl Portfolio Fd Mngt Ltd				
Specialist Growth Fd	$2.73			–
Balanced Growth Fd	$2.40			–
Sterling Income Fd	£1.62			–

	Bid Price	Offer Price	+ or –	Yield Gross
Wells Fargo B Shs (z)	$12.39		+0.05	–
Worldwide Limited				
NAV Jan 31	$84.68			–
Xiphias International Investment Fd Ltd				
Xiphias Inc US$ Acc	$1.1928			–
Xiphias Inc ECU Acc	Ecu1.2112			–
Xiphias Inc ECU Dis	Ecu1.0898			–
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund	$13.09			–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. e Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ✠ Guernsey gross. ∅ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monetaire Luxembourgeois.

WORLD STOCK MARKETS

US MARKETS (3 pm)

CANADA (3 pm)

JAPAN

INDICES

NEW YORK

DOW JONES	Mar 4	Mar 3	Mar 2	Mar 1	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3398.91	3404.04	3400.53	3355.41	3442.14 (5/2/93)	3136.58 (9/10/92)	3442.14 (5/2/93)	41.22 (2/7/32)
Home Bonds	106.29	106.17	105.92	105.63	106.29 (4/3/93)	98.41 (20/3/92)	106.29 (4/3/93)	54.99 (1/10/87)
Transport	1520.11	1513.67	1499.16	1484.66	1580.61 (8/2/93)	1204.40 (26/8/92)	1580.61 (8/2/93)	12.32 (8/7/32)
Utilities	241.30	241.61	240.30	238.67	241.61 (3/3/93)	200.74 (8/4/92)	241.61 (3/3/93)	10.50 (8/4/32)

DJ Ind. Day's High 3423.77 (3437.00) Low 3372.43 (3368.92) (Theoretical♦)
Day's High 3408.18 (3413.77) Low 3388.91 (3381.89) (Actual♦)

STANDARD AND POOR'S

	Mar 4	Mar 3	Mar 2	Mar 1	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	447.34	449.26	447.90	442.61	449.56 (4/2/93)	394.50 (8/4/92)	449.56 (4/2/93)	4.40 (1/6/32)
Industrials	513.84	516.35	515.38	507.78	518.43 (4/2/93)	470.91 (8/4/92)	518.43 (4/2/93)	3.62 (21/6/32)
Financial	43.83	43.84	43.49	43.10	44.32 (4/2/93)	32.49 (8/4/92)	44.32 (4/2/93)	8.64 (1/10/74)
NYSE Composite	248.53	247.41	248.54	243.78	247.98 (4/2/93)	217.92 (8/4/92)	247.98 (4/2/93)	4.46 (25/4/42)
Amex Mkt. Value	412.84	413.47	410.07	407.54	418.99 (12/2/93)	384.85 (9/10/92)	418.99 (12/2/93)	29.31 (9/12/72)
NASDAQ Composite	680.73	683.92	677.72	668.51	708.85 (4/2/93)	547.84 (26/6/92)	708.85 (4/2/93)	54.87 (31/10/72)

	Feb 26	Feb 19	Feb 12	year ago (approx.)
Dow Industrial Div. Yield	3.02	3.07	3.00	2.79
	Mar 3	Feb 24	Feb 17	year ago (approx.)
S & P Industrial div. yield	2.48	2.53	2.65	2.61
S & P Indl. P/E ratio	26.18	26.88	26.57	26.61

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Wal-mart	4,684,500	33	- ¼
RJR Nabisco	4,004,700	8⅜	- ⅜
Philip Morris	3,684,400	65¼	- 1⅞
Bristol Myers	3,368,000	58	- 2½
Unisys	3,094,300	13⅛	+ ¼
Chrysler	2,784,200	38¼	- ⅞
Am T & T	2,606,800	57⅛	- ⅛
Merck	2,124,200	37⅞	- ⅛
Pogo Prod	2,028,500	14⅝	- ⅜
Jhnsn & Jhnsn	1,852,700	41⅞	- 1⅛

TRADING ACTIVITY

† Volume (Millions)	Mar 4	Mar 3	Mar 2
New York SE	230.780	272.290	269.640
Amex	14.616	15.961	13.399
NASDAQ	(a)	237.363	207.081
NYSE			
Issues Traded	2,491	2,499	2,493
Rises	957	1,268	1,275
Falls	919	629	639
Unchanged	615	602	589
New Highs	233	270	177
New Lows	13	11	10

CANADA

TORONTO	Mar 4	Mar 3	Mar 2	Mar 1	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2815.08	2828.35	2833.00	2869.05	3238.87 (16/1/92)	2529.91 (17/11/92)
Composite	3501.30	3467.18	3446.22	3432.89	3606.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1801.10	1786.82	1769.70	1761.58	1837.58 (16/1/92)	1663.16 (14/10/92)

Base values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (a) Unavailable. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Mar 5	Mar 4	Mar 3	Mar 2	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1613.6	1622.8	1628.1	1645.0	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	625.0	626.9	628.2	635.4	726.80 (3/7/92)	546.40 (16/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	357.54	355.17	357.56	356.34	458.67 (24/2/92)	291.41 (13/8/92)
Traded Index (2/1/91)	858.31	864.15	860.17	880.08	1099.43 (24/2/92)	882.96 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1220.19	1204.71	1209.51	1209.36	1235.40 (2/6/92)	1048.67 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	282.09	280.51	280.28	278.98	365.29 (16/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	1004.6	998.3	981.2	963.0	1004.60 (5/3/93)	641.00 (7/9/92)
FRANCE						
CAC General (31/12/81)	531.41	526.85	531.32	527.98	555.93 (12/5/92)	441.70 (7/10/92)
CAC 40 (31/12/87)	1995.12	1988.75	1995.24	2001.50	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	667.42	663.99	668.75	666.16	725.26 (29/5/92)	565.61 (12/10/92)
Commerzbank (1/12/53)	1881.50	1871.50	1885.70	1877.80	2043.80 (25/5/92)	1584.60 (12/10/92)
DAX (30/12/87)	1692.82	1687.40	1693.73	1696.74	1811.57 (25/5/92)	1420.30 (6/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	6502.81	6487.80	6436.64	6344.23	6502.81 (5/3/93)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1359.60	1366.45	1373.73	1367.47	1469.57 (17/1/92)	1094.88 (16/10/92)
ITALY						
Banca Com. Ital. (1972)	535.47	536.72	533.14	536.68	551.58 (6/2/92)	354.93 (16/6/92)
MIB General (4/1/93)	1182.0	1186.0	1177.0	1186.0	1186.00 (2/3/93)	992.00 (11/1/93)
JAPAN						
Nikkei (16/5/49)	16817.70	16759.81	16853.92	16884.25	23801.18 (6/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	1268.31	1266.11	1272.58	1275.82	1763.43 (6/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	1680.78	1666.26	1669.45	1675.20	2459.85 (6/1/92)	1592.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	638.34	639.87	636.44	637.00	660.35 (5/11/92)	540.83 (14/1/92)
NETHERLANDS						
CBS TtlRtn.Gen.(End 1983)	322.0	318.7	317.7	315.0	322.00 (5/3/93)	274.00 (8/1/92)
CBS All Shr (End 1983)	216.7	214.5	213.8	212.0	216.70 (5/3/93)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	727.44	711.21	708.21	705.33	772.74 (18/5/92)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1543.15	1539.65	1518.67	1473.95	1580.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	419.87	419.78	416.58	417.97	421.27 (24/2/93)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	993.0▼	933.0	947.0	947.0	1327.00 (21/1/92)	746.00 (10/11/92)
JSE Industrial (28/9/78)	4402.0▼	4404.0	4429.0	4466.0	4689.00 (4/6/92)	3936.00 (16/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	616.57	622.22	632.99	633.73	789.77 (9/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	236.52	235.86	235.91	235.61	266.51 (28/2/92)	178.48 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1031.20	1014.50	1018.60	1014.3	1031.20 (5/3/93)	638.00 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	933.8	935.7	938.4	934.4	947.50 (15/2/93)	748.50 (9/1/92)
SBC General (1/4/87)	723.8	724.4	725.3	722.2	726.30 (3/3/93)	596.40 (25/8/92)
TAIWAN**						
Weighted Price (30/6/66)	4731.85	4737.32	4582.61	4344.98	5391.63 (30/1/92)	3088.43 (9/1/93)
THAILAND						
Bangkok SET (30/4/75)	898.74	903.47	905.99	922.49	986.44 (25/1/93)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl.(1/1/70) $	512.3*	513.7	515.6	513.5	542.10 (7/1/92)	467.50 (9/4/92)
Euro Top-100 (26/6/90)	940.26	941.95	945.63	940.36	976.53 (25/5/92)	772.52 (5/10/92)

**Saturday February 27: Taiwan Weighted Price 4,384.67, Korea Comp Ex. 642.98
▼ Subject to official recalculation.
*Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX - 1,000, JSE Gold - 255.7, JSE 20 Industrials - 264.3 and Australia All Ordinary and Mining - 500; (c) Closed. (u) Unavailable

WORLD STOCK MARKETS

AMERICA

Unemployment data gives boost to Dow

Wall Street

AFTER a weak start, US stock markets posted big gains yesterday morning in the wake of a stronger than expected February employment report, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 28.64 at 3,427.55. The more broadly based Standard & Poor's 500 was 1.62 up at 448.96, while the Amex composite was up 0.93 at 413.77, and the Nasdaq composite 1.88 higher at 682.61. Trading volume on the NYSE was 148m shares by 1 pm.

The news that non-farm payrolls had jumped 365,000 and the national unemployment rate dropped from 7.1 per cent to 7.0 per cent last month surprised Wall Street, which had been expecting only a modest increase in payrolls and no change in the jobless rate.

The markets, however, failed to respond positively to the news, at least at first. Prices actually fell in the first few minutes of trading, and remained essentially flat for most of the morning session. The weakness in equities was attributed to the big fall in bond prices which followed the release of the jobs data.

The benchmark 30-year bond issue initially fell by more than a point on the news, sending the yield back above 6.8 per cent. Although the bond later recovered some of its early losses, by early afternoon it was still more than ¾ point down on the day, yielding 6.79 per cent. The rise in bond yields upset equity investors, who fear higher interest rates could slow economic growth.

The stock markets, however, eventually built up a head of steam, and soon after midday the Dow was posting a more than 20-point gain. There was no specific trigger for the turnaround, although the modest rally in bond prices buoyed equity market sentiment.

Among individual stocks, cyclicals and leading industrial issues were in good form. International Paper rose $1 to $65⅛, Caterpillar added $⅜ at $59⅛, Goodyear firmed $1⅜ to $71⅜, General Electric put on $⅜ at $85⅜, and Alcoa climbed $1⅜ to $70⅜.

Computer shares were also in demand. Motorola was especially strong, rising $2⅜ to $62⅜ in turnover of ⅜m shares. Hewlett-Packard added $1⅜ at $77⅜, and Digital Equipment climbed $⅜ to $46⅜.

Salomon, which fell sharply on Thursday on news of trading losses at its Wall Street securities subsidiary, bounced back, rising $⅜ to $40⅜.

On the Nasdaq market, among leading issues Microsoft rose $1 to $84⅜, Apple added $⅜ at $55⅜, but Amgen slipped $⅜ to $34⅜.

Canada

TORONTO surged in brisk turnover at midday, led by a jump in gold shares and underpinned by a rally on Wall Street.

The TSE-300 index gained 7.21 to 3,528.50 in volume of 45.4m shares valued at C$446m. Advances led declines 316 to 247 with 253 unchanged. Lac Minerals climbed C$⅛ to C$8⅛ after an upgrade.

US markets struggle to understand Clinton

Investors are confused, writes **Patrick Harverson**

Although it has been more than two weeks since President Bill Clinton formally unveiled his bold tax-raising and deficit-cutting budget, US stock markets remain confused about what the plan means for the economy, corporate earnings and share prices.

When the new president presented his economic plan in mid-February, the markets wasted no time in expressing displeasure at the scale of the tax increases and the timidity of the spending cuts, and the *Dow Jones Industrial Average* fell by almost 100 points.

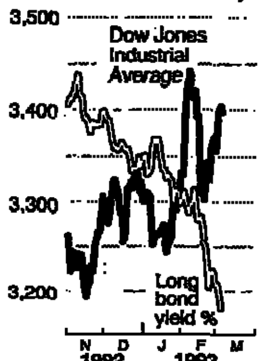
Yet, in the next week and a half, the Dow recovered all of its lost ground, so that the index now stands at almost exactly where it was before the Clinton budget was unveiled.

At first glance, it may look as though the markets have been unusually indecisive and slow off the mark: normally, Wall Street takes only a short time to digest economic and political news and spit out a judgment. Yet, there are some good reasons why the markets have struggled to come to terms with "Clintonomics".

To begin with, the scope and ambition of the president's plan has been more than a mouthful for dealers and investors. Among his proposals are tax increases on middle and top income earners, on corporations and on energy use; tax breaks on investment and tax cuts for the working poor; an assortment of spending increases on infrastructure projects, education, science and technology and certain social programmes; and selected spending cuts.

Working out how these measures will affect the economy is not easy. The simpler certainties of the Reagan era and the policy inertia of the Bush years have been replaced by activist, reforming, big government. The markets will take time getting used to the changed political, economic and policy landscape.

To make matters worse, not only has the White House hinted that the Clinton economic blueprint may be amended, updated or expanded before it reaches the legislators, but anyone with a basic understanding of how Washington works knows that there is no chance that the budget will make it through Congress in one piece. Hence it makes sense for the markets to be wary of passing judgement on a radical new economic policy until it does become policy.



Source: Datastream

Secondly, the introduction of the budget and the first weeks of its life have been played out against a background of economic "noise" that has been distinctly discordant. The statistics released and surveys published since the State of the Union address on February 18 have painted an inconsistent picture of the nation's economic health.

If anything, the message in the figures, which have included sharp declines in home sales and consumer confidence, weak factory orders, and inconsistent growth in labour markets, has been that economic recovery may have slowed after the post-election spurt of growth seen in the fourth quarter of 1992.

This has only added to the confusion. The markets would love to come up with a conclusive answer as to what the budget means for the economy; but it is difficult when they no longer know where the economy stands.

Finally, equity investors have been unsettled by the extraordinary recent rally in the Treasury bond markets, where prices have risen sharply on growing confidence that the president's policies will simultaneously slow economic growth, dampen inflationary pressures, and reduce the deficit.

Since Mr Clinton won the election on November 3, the yield on the benchmark 30-year government bond has fallen from 7.65 per cent to 6.72 per cent, and on the two-year note from 4.42 per cent to 3.72 per cent. The 30-year bond is now recording the lowest yield since the issue was first sold to the public in 1977.

Given that Democratic presidents are generally regarded as the enemy of fixed-income investors *because of their tendency* to use government spending to generate economic growth (a policy approach roundly criticised by free-marketeers for its inflationary consequences), the performance of the bond market under Mr Clinton has been nothing short of remarkable.

Which is why the equity markets do not know quite what to make of it all. Traditionally, stocks can get a lift from a bond market rally because lower interest rates are good news for corporate and individual borrowers, and for the economy. So dramatic has the decline in bond yields been, however, that there is a worry that the booming government securities market will lure investors' funds away from the struggling equities markets.

It is difficult to ascertain how long the confusion and uncertainty will last – the political road ahead for the budget is long and strewn with obstacles. As for fundamentals, the good news is that interest rates are low and corporate earnings are improving; but the bad news is that price valuations are high and the economy may be cooling off. The indication is that US stock markets, over the short-term at least, will remain on a faltering course.

EUROPE

Buba rate cut catches bourses by surprise

THE cut by the Bundesbank of the repo rate caught markets by surprise as it seemed to signal an imminent cut in the Lombard and discount rates, perhaps at the next council meeting on March 18, *writes Our Markets Staff.*

FRANKFURT moved modestly down as some analysts forecast a period of consolidation for the market following recent strength. The DAX index closed 4.58 lower at 1,683.82, up 1.4 per cent on the week, as turnover rose slightly to DM6.5bn from DM6.3bn.

With 'Bundesbank watching' entering a new phase as some observers try to second-guess when the Lombard and discount rates will actually be cut, other observers continue to warn that the fundamentals of the German economy remain weak and are expected to weaken throughout 1993. On this basis, they say, the present market valuation looks rather stretched and vulnerable to a downward correction.

One analyst in London commented that many investors still have not fully appreciated that 1993 earnings are likely to be further downgraded, given the recent batch of disappointing economic data.

This will be underlined when chemicals report next week. Mr Patrick Shields of NatWest Securities forecasts a decline in 1992 pre-tax earnings of 47 per cent for Basf, 26 per cent for Hoechst and 15 per cent for Bayer, which yesterday announced short-time working at some of its plants. The shares fell respectively DM2.60, DM2.40 and DM1.20 to DM227.00, DM254.40 and DM272.30.

FT-SE Actuaries Share Indices								
March 5								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1161.93	1160.24	1159.32	1155.96	1156.00	1160.33	1159.66	1159.70
FT-SE Eurotrack 200	1224.77	1224.18	1223.92	1222.02	1220.27	1218.39	1223.82	1225.29
	Mar 4	Mar 3	Mar 2	Mar 1	Feb 26			
FT-SE Eurotrack 100	1156.15	1158.99	1156.71	1158.20	1139.80			
FT-SE Eurotrack 200	1216.30	1221.03	1211.84	1213.57	1194.07			

Base value 1000 (26/10/90) High/day: 100 - 1162.10; 200 - 1225.94 Low/day: 100 - 1155.52 200 - 1215.21.

PARIS was firm in early trading, weakened later before sprinting to a gain in the CAC-40 index of 8.37 to 1,995.12, for a week's rise of 2.6 per cent. Turnover remained firm at FFr3.8bn.

Speculation on possible stake building continued to lift volume in Suez, which saw 1.6m shares change hands as the shares gained FFr13.20 to FFr318.20. Of all the names rumoured to be interested in the group, including that of Sir James Goldsmith, only UAP, which currently has a 6.5 per cent stake, denied interest. UAP finished FFr11 stronger at FFr592.

The car sector finished a dreadful week with further losses in Peugeot, down FFr18 at FFr572, Michelin, off FFr4.60 at FFr175.10 and Valeo FFr34 lower at FFr751.

AMSTERDAM ended a difficult week higher, with the CBS Tendency index up 0.8 at 101.8, up 1.9 per cent on the week. There was lingering interest in companies which had reported this week with Philips and DSM both 30 cents higher at Fl 22.80 and Fl 73.50 and Polygram up 50 cents at Fl 49.40.

Heineken set a new record high, up Fl 8.30 or Fl 195.80, but some analysts felt that the shares were now beginning to look expensive.

MILAN marked time although the market was alive with rumours which made for an active day's trading. The Comit index eased 1.25 to 535.47 – 4.3 per cent ahead on the week.

Olivetti fixed L63 or 2.6 per cent lower at L2,385 before easing to L2,365 after hours and Sip was L26 lower at L1,680 amid fears that the groups might be planning rights issues.

Stet shed L35 to L2,355 before easing to L2,340 after hours on speculation that it might soon conclude the sale of a stake in its telecommunications equipment subsidiary Italtel.

In the other direction, Rinascente, L480 or 5.3 per cent ahead at L9,190, was in demand, particularly by US investors in spite of Fiat's fresh denials that its sale was being negotiated.

Pirelli broke through the L1,500 level, adding L50 to L1,531 in heavy volume.

Stocks from the Ligresti group were caught up in speculation about possible divestments. Holding company Premafin shot up L621 or 12.8 per cent to L5,450 and were up to L5,650 after hours, while Grassetto, the construction group, rose L566 or 12.2 per cent to fix at L6,060 before continuing up to L6,175 after hours.

Elsewhere, the Consob market regulatory agency suspended the shares of holding company Fimpar and its hotel group Ciga pending an announcement on the status of Ciga's financial restructuring plan.

ZURICH finished easier but a strengthening dollar enabled shares to pull up from the day's lows. The SMI index dipped 4.9 to 2,134.5, a 1.6 per cent rise on the week.

CS Holding fell SFr30 to SFr2,230 after its main asset, Credit Suisse, reported a 1.1 per cent rise in 1992 group net profit which was at the lower end of expectations. UBS, which last week reported a 10.4 per cent rise in net income, rose SFr2 to SFr944.

BBC Brown Boveri shed SFr50 to SFr3,940. Analysts expect the Zurich-based Asea Brown Boveri, from which BBC derives virtually all its income, to announce 1992 profit at or below the previous year's level.

STOCKHOLM drew strength from lower debt market yields and better than expected earnings from Sandvik. The Affärsvärlden index rose 16.7 to 1,031.2, a 3.1 per cent rise on the week.

Sandvik's B shares rose SKr12 to SKr465 as the company unexpectedly raised its dividend and a fall in profits proved not as bad as feared.

SOUTH AFRICA

GOLD shares improved on renewed foreign demand and the index added 60 to 993, after a day's high of 1,010. The overall index improved 35 to 3,384 and industrials 2 to 4,406. De Beers gained R3 to R66.50 while Vaal Reefs rose R11.50 to R173.50.

ASIA PACIFIC

Hong Kong continues in record territory

Tokyo

STRONG buying interest in Nippon Telegraph and Telephone gave some support to the market but general activity was dull, *agencies report from Tokyo.*

The 225-issue Nikkei average added 58.09 to 16,817.70 after a day's high of 16,746.12 and a low of 16,885.12, slightly down on the week.

Volume was estimated at 270m shares, up from 244.5m on Thursday, with decliners outnumbering gainers by 498 to 443, while 197 issues were unchanged.

The Topix index of all first section stocks advanced 2.20 to 1,268.31.

Brokers said that the market will continue to be dominated by quiet trading in individual issues until the government announces more measures to boost the economy.

NTT resumed its recent rally, climbing Y39,000 to Y705,000 in heavy volume of 59,000 shares on buying by public pension funds.

Related issues also rose with Nippon Comsys up Y26 to Y745 and Fujikura Y25 higher at Y595.

NTT has been the market leader for most of this week on expectations of more government investment in communications. NEC rose Y41 to Y861 on public fund buying.

Reports that an immunosuppressive drug for liver transplants, developed by Fujisawa Pharmaceutical, was nearing approval sent the company's shares up Y67 to Y845.

Pioneer fell Y30 to Y1,980 on news that it may post a loss in the last 1992/93 quarter.

Stocks linked to Japan Railways moved ahead further on speculation that the privatised rail system may benefit from infrastructure spending.

Roundup

PACIFIC Rim markets found widely mixed fortunes.

HONG KONG remained in record territory as the market gave a guarded welcome to Governor Chris Patten's comments on the latest state of play in the dispute with China on the colony's future.

The Hang Seng index rose 33.01 to a second consecutive all-time high close of 6,502.81, for a weekly rise of 2.3 per cent. Turnover remained heavy at HK$4.7bn with continued strong demand seen from domestic, US and Chinese investors.

Shares dipped shortly after the opening as profit-taking took the index down almost 40 points, but confidence re-emerged before Mr Patten addressed the Legislative Council.

"In the event, the speech was neutral to positive, fully justifying the rally we have seen so far," said one analyst.

HSBC Holdings, which will report earnings mid-month, led the actives and rose HK$1 to HK$68. Its Hang Seng Bank unit, which posted a 26 per cent rise in profits, added HK$2.50 to HK$67.

AUSTRALIA continued lower, under pressure from weak News Corp shares and uncertainty in the run-up to the election. The All Ordinaries index closed 9.3 points down at 1,613.6, little changed on the week.

News Corp, which said its options issue raised $507 million, fell 15 cents to A$7.15 as 8.2m shares changed hands. Brokers explained that the 5.5 per cent yield on News America Holdings' liquid yield option notes was higher than expected, leading to the sale of shares in favour of the new security.

TAIWAN turned back after its strong run earlier in the week and the weighted index finished 5.47 lower at 4,731.85, a 10.6 per cent rise on the week.

SEOUL recorded a new low for the year after falling for the eighth consecutive day. The composite index dipped 6.65 to 615.57, for a weekly decline of 4.6 per cent.

BOMBAY suffered a round of selling by speculators who had overbought ahead of last weekend's national budget. The *BSE* index fell 60.93 to 2,471.74 after recovering from a low of 2,459.50, down 11 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	THURSDAY MARCH 4 1993: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY MARCH 3 1993: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	135.00	+0.2	137.65	99.63	114.79	128.74	−0.2	3.87	134.69	137.72	99.70	115.20	128.99	153.68	108.18	146.32
Austria (18)	150.75	−0.1	153.72	111.26	128.19	128.10	−0.6	1.75	150.96	154.35	111.74	129.10	128.89	186.70	131.16	180.68
Belgium (42)	141.94	+0.3	144.73	104.75	120.69	117.96	−0.1	5.12	141.52	144.70	104.75	121.03	118.14	152.27	131.19	140.39
Canada (113)	121.93	+1.0	124.33	89.98	103.67	109.66	+0.6	3.05	120.67	123.38	89.31	103.19	108.96	142.12	111.36	136.10
Denmark (33)	203.95	+0.7	207.96	150.52	173.42	174.27	+0.3	1.32	202.49	207.04	149.88	173.17	173.78	273.94	181.70	246.00
Finland (23)	75.20	+2.1	76.68	55.50	63.94	93.82	+1.8	1.46	73.67	75.32	54.53	63.00	92.14	89.80	52.84	85.82
France (98)	158.53	+0.1	161.65	116.99	134.79	138.20	−0.4	3.25	158.34	161.90	117.20	135.41	138.72	168.75	136.93	155.71
Germany (62)	113.83	+0.3	116.07	84.02	96.79	96.79	−0.2	2.36	113.44	115.99	83.98	97.01	97.01	129.69	101.59	120.15
Hong Kong (55)	260.88	+0.4	266.01	192.53	221.84	258.96	+0.4	3.50	259.93	265.77	192.40	222.31	258.01	262.28	176.36	203.05
Ireland (16)	141.93	+0.1	144.72	104.74	120.68	134.62	−0.7	3.89	141.73	144.91	104.91	121.21	135.57	173.71	122.98	162.71
Italy (75)	64.28	+0.6	65.54	47.43	54.65	75.09	+0.4	2.69	63.92	65.35	47.31	54.66	74.80	80.86	47.47	76.08
Japan (472)	108.66	−0.2	110.80	80.19	92.41	80.19	−0.5	1.04	108.91	111.36	80.61	93.15	80.61	140.95	87.27	118.05
Malaysia (69)	277.08	+0.7	282.51	204.46	235.58	279.30	+0.8	2.36	275.01	281.19	203.56	235.19	277.16	282.42	212.49	243.45
Mexico (18)	1518.22	+1.3	1548.08	1120.44	1290.94	5140.02	+1.3	1.17	1499.32	1533.02	1109.81	1282.27	5071.98	1789.77	1185.84	1733.70
Netherland (25)	162.72	+0.8	165.92	120.08	138.36	136.58	+0.2	4.21	161.40	165.03	119.47	138.04	136.32	169.70	147.88	151.15
New Zealand (13)	45.22	−1.3	46.11	33.38	38.45	45.43	−1.5	4.61	45.84	46.87	33.93	39.20	46.12	48.52	37.39	46.48
Norway (22)	140.16	+0.3	142.91	103.44	119.18	132.26	+0.0	1.97	139.73	142.87	103.43	119.50	132.24	192.95	128.05	163.21
Singapore (38)	223.80	+0.2	228.20	165.16	190.29	169.45	+0.3	1.95	223.42	228.45	165.38	191.08	168.96	229.63	179.65	212.97
South Africa (60)	160.78	−0.8	163.94	118.65	136.71	161.48	−0.6	3.12	162.16	165.80	120.03	138.68	162.50	263.60	134.21	215.97
Spain (46)	126.87	+0.6	129.36	93.63	107.87	112.88	−0.1	5.33	126.09	128.93	93.34	107.84	113.01	161.72	107.10	158.16
Sweden (36)	164.87	+0.7	168.11	121.68	140.19	186.71	−0.1	2.08	163.80	167.48	121.25	140.09	186.89	200.28	149.69	176.63
Switzerland (56)	113.09	+0.4	115.31	83.47	96.17	106.39	−0.1	2.03	112.64	115.17	83.38	96.35	106.49	122.37	95.99	99.80
United Kingdom (226)	170.29	−0.1	173.63	125.66	144.78	173.63	−0.4	4.22	170.53	174.37	126.22	145.83	174.36	200.07	161.86	179.40
USA (522)	182.65	−0.5	186.25	134.80	155.32	182.65	−0.5	2.77	183.50	187.63	135.83	156.94	183.50	183.74	160.92	169.02
Europe (778)	140.99	+0.2	143.76	104.05	119.88	133.33	−0.2	3.50	140.72	143.88	104.16	120.35	133.64	156.88	131.31	146.51
Nordic (114)	152.36	+0.8	155.36	112.44	129.55	151.28	+0.2	1.83	151.19	154.59	111.91	129.30	151.02	188.52	141.24	173.76
Pacific Basin (715)	114.61	−0.2	116.87	84.58	97.45	86.99	−0.4	1.37	114.78	117.36	84.97	98.17	87.37	141.97	93.70	121.70
Euro−Pacific (1493)	125.28	+0.0	127.74	92.45	106.52	105.19	−0.3	2.35	125.27	128.09	92.72	107.13	105.55	145.21	113.80	131.89
North America (635)	178.88	−0.4	182.40	132.03	152.13	177.71	−0.4	2.78	179.60	183.64	132.96	153.63	178.45	179.60	158.70	166.93
Europe Ex. UK (552)	122.63	+0.4	125.04	90.52	104.29	110.84	−0.1	3.02	122.12	124.86	90.41	104.46	110.96	132.98	111.33	126.36
Pacific Ex. Japan (243)	172.88	+0.3	176.26	127.59	147.00	158.35	+0.2	3.39	172.36	176.23	127.60	147.42	158.10	175.31	146.06	157.72
World Ex. US (1684)	126.39	+0.0	128.87	93.28	107.47	107.20	−0.3	2.37	126.34	129.18	93.53	108.05	107.52	146.91	115.98	133.98
World Ex. UK (1980)	141.91	−0.2	144.70	104.73	120.67	126.17	−0.4	2.35	142.16	145.35	105.23	121.69	126.63	150.58	127.21	141.50
World Ex. So. Af. (2146)	144.38	−0.2	147.22	106.56	122.78	130.00	−0.4	2.54	144.63	147.88	107.06	123.70	130.48	153.05	130.04	144.36
World Ex. Japan (1734)	164.59	−0.2	167.83	121.48	139.97	159.85	−0.3	3.05	164.85	168.56	122.04	141.01	160.36	165.40	151.93	160.26
The World Index (2206)	144.38	−0.2	147.22	106.56	122.78	130.32	−0.4	2.54	144.64	147.89	107.06	123.71	130.80	153.70	130.66	144.79

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or –	1992/93 high	1992/93 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 10pc 1993‡‡	100½	—	101 13/16	99 9/16	9.95	5.97
12½pc 1993‡‡	102½	—	104 7/16	100 13/16	12.20	5.63
Funding 6pc 1993‡‡	100 3/16xd	—	100¼	95 3/8	5.99	5.65
Treas 13¾pc 1993‡‡	105 11/16	−⅛	107⅝	103 5/16	13.01	5.55
8½pc 1994	102 11/16	—	102 13/16	96¾	8.29	5.46
14½pc 1994‡‡	108⅝	—	110 5/16	104 11/16	13.35	5.41
Exch 13½pc 1994	108¾	—	110 13/16	103 13/16	12.41	5.48
Treas. 10pc Ln. 1994‡‡	105⅜	—	105 11/16	98 13/16	9.49	5.51
Exch 12½pc 1994	109⅝	—	110 5/16	103 3/16	11.40	5.54
Treas 9pc 1994‡‡	105 13/32	—	105 13/16	95⅞	8.54	5.61
12pc 1995	111 3/32	+1/32	111 13/16	102 13/16	10.80	5.70
Exch 3pc Gas 90–95	96½	—	96¾	88¼	3.11	4.84
10¼pc 1995	109⅝	+⅛	109⅞	99 3/16	9.35	5.85
Treas 12¾pc 1995‡‡	116 13/16	+⅛	116⅞	106¼	10.93	5.93
14pc 1996	120¾	+3/32	120⅝	109 13/16	11.63	6.16
15¼pc 1996‡‡	125¼	+3/16	125⅝	113 13/16	12.18	6.28
Exch 13¼pc 1996‡‡	119¾	+⅛	120 1/16	108	11.06	6.29
Conversion 10pc 1996	111⅜	+⅛	111 13/16	98 13/16	8.98	6.46
Treas 13¼pc 1997‡‡	122 13/16	+3/16	122 13/16	109 13/16	10.82	6.59
Exch 10½pc 1997	113 13/16	+3/16	113½	100 13/16	9.25	6.57
Treas 8¾pc 1997‡‡	108 7/16	+¼	108 13/16	94	8.08	6.56
Exch 15pc 1997	132 3/16	+3/16	132 3/16	117 13/16	11.36	6.79
9¾pc 1998	112¼	+3/16	112¼	97 13/16	8.69	6.72
Five to Fifteen Years						
Treas 7¼pc 1998	102 13/16xd	+⅛	102 13/16	98 13/16	7.14	6.53
Treas 6¾pc 1995-98‡‡	100 13/16	+3/16	100¼	88 13/16	6.70	6.59
15½pc '98‡‡	138 3/16xd	+3/16	138 3/16	123 3/16	11.22	7.04
Exch 12pc 1998	122⅜	+3/16	122 13/16	107 13/16	9.81	7.13
Treas 9½pc 1999‡‡	112 3/16	+3/16	112 3/16	97 3/16	8.47	6.92
Exch 12¼pc 1999	124⅜xd	+3/16	124⅜	109½	9.86	7.18
Treas 10½pc 1999	117 3/16	+3/16	117 3/16	101 13/16	8.98	7.01
Conversion 10¼pc 1999	116 13/16	+3/16	116 13/16	100 13/16	8.79	7.08
9pc 2000‡‡	110⅝	+⅛	110⅝	94⅝	8.14	7.02
Treas 13pc 2000	130 13/16	+3/16	130 13/16	114 13/16	9.94	7.46
10pc 2001	114 13/16	+3/16	115	99 13/16	8.70	7.44
14pc '98-1	129 3/16	+3/16	129 3/16	115 13/16	10.84	7.16
9¾pc 2002	114	+3/16	114 3/16	98⅛	8.55	7.62

BRITISH FUNDS - Cont.

Notes	Price £	+ or –	1992/93 high	1992/93 low	Yield Int.	Yield Red.
8pc 2003 (£50 pd)	52 13/16	+3/16	53 1/16	46 13/16	7.77	7.55
10pc 2003	116 13/16	+⅛	116⅞	100 3/16	8.63	7.74
Treas 11½pc 2001-4	122 3/16xd	+3/16	122⅛	107 3/16	9.42	7.73
Funding 3½pc '99-4	74 3/16	+3/16	74⅜	59½	4.71	6.78
Conversion 9½pc 2004	111⅞	+3/16	112	95 13/16	8.49	7.89
9½pc 2005	111 13/16	+3/16	112 3/16	96 13/16	8.49	7.92
Treas 12½pc 2003-5	131⅜	+¼	131 13/16	116 3/16	9.51	8.05
8pc 2002-6‡‡	100⅞xd	+3/16	101¼	85½	7.93	7.87
Treas 11¾pc 2003-7	125 3/16	+3/16	125⅛	110 13/16	9.40	8.01
Treas 8½pc 2007 ‡‡	103 13/16	+3/16	103 13/16	89 13/16	8.20	8.04
8½pc 2007 B	73 3/16	+3/16	73⅝	68⅛	8.21	8.06
13½pc '04-8	138¼xd	+¼	139 3/16	123 13/16	9.69	8.05
Over Fifteen Years						
9pc 2008 ‡‡	107 13/16	+3/16	107 13/16	93 13/16	8.35	8.22
8pc 2009	98⅝xd	+3/16	98 13/16	85 3/16	8.11	8.13
Conv 9pc Ln 2011 ‡‡	107 3/16	+3/16	107¼	93 13/16	8.40	8.22
9pc 2011 C	17¼	+¼	17 13/16	14¾	8.43	8.25
Treas. 9pc 2012	107⅛	+3/16	107 3/16	93 13/16	8.40	8.24
Treas 5½pc 2008-12‡‡	75 13/16xd	+3/16	75 13/16	62⅞	7.28	7.94
7¾pc 2012-15‡‡	96½	+3/16	96⅝	81 13/16	8.03	8.08
Exch 12pc '13-'17	134 13/16	+3/16	134 13/16	118 13/16	8.92	8.43
Treas 8¾pc 2017	104 13/16	+3/16	104 3/16	91 13/16	8.94	8.31
Undated						
Consols 4pc	47 3/16	+3/16	47 3/16	39⅞	8.41	–
War Loan 3½pc‡‡	41 13/16	+⅜	41⅞	35 3/16	8.38	–
Conv 3½pc '61 Aft.	62½xd	+3/16	63 13/16	59	5.60	–
Treas 3pc '66 Aft.	35 13/16xd	—	35 13/16	29 13/16	8.39	–
Consols 2½pc	31 3/16xd	+⅝	31 3/16	24 13/16	8.02	–
Treas. 2½pc	29 13/16xd	+3/16	29 13/16	24 13/16	8.35	–

BRITISH FUNDS - Cont.

Index-Linked Notes (b)	Price £	+ or –	1992/93 high	1992/93 low	Yield (1)	Yield (2)
Treas. 2pc '94 (102.9)	132¾	+¼	133¾	122⅛	–	0.65
2pc '96 (67.9)	195 13/16xd	+¼	197⅞	176 3/16	1.43	2.16
4⅝pc '98 (135.6)	108⅞	+3/16	108 13/16	100 13/16	1.97	2.54
2½pc '01 (78.3)	165½xd	+¼	165½	139 3/16	2.63	2.96
2½pc '03 (78.8)	162 3/16	+3/16	162 3/16	135	2.79	3.07
4⅜pc '04 (135.6)	110½	+3/16	110 3/16	101⅞	2.90	3.18
2pc '06 (69.5)	167¾	+3/16	167 13/16	137 3/16	3.01	3.22
2½pc '09 (78.8)	151½	+¼	151 3/16	124 13/16	3.21	3.40
2½pc '11 (74.6)	158½	+¼	158½	129 3/16	3.29	3.46
2½pc '13 (89.2)	128½	+⅛	128 3/16	106 3/16	3.35	3.51
2½pc '16 (81.6)	138 3/16	+⅛	138⅝	112⅞	3.43	3.58
2½pc '20 (83.0)	130¾	+3/16	130⅞	107 13/16	3.48	3.62
2½pc '24‡‡ (97.7)	106⅝	+3/16	106 3/16	86⅞	3.52	3.64
4⅛pc '30‡‡ (135.1)	108⅞	+3/16	109 1/16	91 13/16	3.53	3.66

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to January 1987. Conversion factor 3.945. RPI for June 1992: 139.3 and for January 1993: 137.9.

OTHER FIXED INTEREST

Notes	Price £	+ or –	1992/93 high	1992/93 low	Yield Int.	Yield Red.
Africa Dev 11⅛ 2010	122 13/16	+3/16	122 13/16	105⅞	9.06	8.54
Asian Dev 10¼pc 2009	116 3/16	+¼	116 3/16	100 3/16	8.83	8.40
B'ham 11½pc 2012	121½	—	121½	102¾	9.47	9.13
Ireland Cap 8½pc '10	98¾	+⅛	103	88⅛	8.61	–
9pc Cap 1996	100¼	−¼	105½	90	8.98	–
13pc '97-2	113½	−¼	118¾	103⅞	11.46	–
Hydro Quebec 15pc 2011	146¼	+3/16	146¼	130⅞	10.28	9.57
Leeds 13½pc 2006	134¼	—	134¼	116¼	10.05	9.08
Liverpool 3½pc Irred.	35½	—	36	30	9.86	–
LCC 3pc '20 Aft.	31½	—	32	27	9.52	–
Manchester 11½pc 2007	118¾	—	118¾	103¼	9.68	9.20
Met. Wtr. 3pc 'B'	65¾	—	65¾	53	4.49	7.90
N'wide Anglia 3⅝pc 2021	123	—	123	103¼	–	4.71
4¼pc IL 2024	121½	—	121½	103¼	–	4.52
Utd Mex States 16½pc 2008	137	—	137	121½	12.84	11.68

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1992/93 High	low	Mkt Cap£m	Yld Gr's
Abbott Labs		17⅞xd	-1/16	21¼	14⅝	14,898	2.7
Allegheny & W	♥	532p	-6	538p	228p	278.5	3.9
Amdahl		558p	+14	1158p	438p	628.6	1.2
Amer Cyanamid		34⅞	+⅛	38⅞	28⅞	3,144	3.3
Amer Express		17¼xd	+1/16	17¼	10 7/16	8,245	4.0
Amer T & T		39¼xd	-1/16	39⅝	20⅛	52,198	2.8
Ameritech		51⅛	-⅛	52¼	32½	22,483	4.9
BankAmerica		35⅝xd	-½	37⅞	19¾	12,253	2.7
Bankers NY		47½xd	-7/16	48 11/16	28⅜	3,812	4.5
Bell Atlantic		38	-1/16	39⅛	23⅛	16,480	4.7
BellSouth		38¼	—	39⅞	25	19,374	4.9
Bethlehem Steel	♥	11¼xd	—	13¼	6¾	1,083	–
Bowater		1536pxd	-6	1682p	905p	558.5	1.8
CPC		33⅞xd	—	34	22⅝	6,138	2.4
Cadiz Land Inc	♥	115p	—	342p	108p	–	–
California Engy		1428p	—	1428p	591p	289.6	–
Chase Manhattan		22xd	-½	22½	9⅞	3,380	3.8
Chrysler		26⅝xd	-7/16	28⅞	6¼	7,798	1.6
Citicorp		18⅛xd	-1/16	18½	5⅞	6,825	–
Colgate-Palm		43⅝xd	-⅛	44⅛	25¼	6,965	2.0
Cont'l Bank		1647p	-7	1691p	499p	1,684	2.5
Dana		31⅞xd	-11/16	34⅝	14⅞	1,430	3.5
Data General		927p	+98	1004p	384p	299.8	–
Decora Inds	♥	148p	—	148p	66p	–	–
Dun & Brad		38⅞	-⅛	40⅞	27⅞	6,828	4.0
Eaton		58½	+⅛	58⅝	32½	1,963	2.7
Echlin		17⅛xd	+½	18⅞	7⅞	951.5	2.8
FPL		26⅞xd	+⅛	27⅝	17⅞	4,825	6.4
Ford Motor		33	+⅛	35⅛	15	18,107	2.1
Gen Elect		58¼xd	-⅜	61⅛	35¼	49,747	3.0

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
[illegible]							
Greenwich Res	♣□	15	-¼	16½	2	11.8	-
Hamlo Gold C$		84½	—	85⅞	83½	432.9	2.2
Iwernia West I£	‡‡□	43	—	53	30	21.6	-
Kells Minls I£	‡‡	8	—	42	6	0.19	-
Kenmare	♣□	7	—	8	2¼	6.72	-
Malaga Res.		17½	+½	48	8	1.93	-
Navan Res I£	♣	33	—	34	16	4.42	-
5pc Ln Notes		31	—	34	25	6.64	-
Oryx Gold		57	—	103	46¾	-	-
Plateau		30	—	13	3	1.37	-
RTZ	□	688	+7	690	469	6,980	3.8
Vizcaya	♣□	4	—	5¼	1	2.14	-

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAV's) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ¶ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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FINANCIAL TIMES
Weekend March 6/March 7 1993

Constitutional claim to Ulster could be altered

Dublin woos Unionists with new terms for talks

By Tim Coone in Dublin

THE IRISH government yesterday made a series of conciliatory overtures to the Protestant majority in Northern Ireland, saying the republic's constitutional claim to the province was not "cast in bronze, incapable of change".

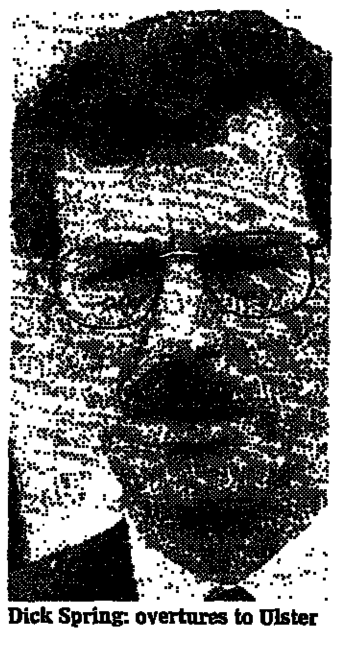
Mr Dick Spring, foreign affairs minister, urged Unionist parties to return to the negotiating table. "I want to see an accommodation on the constitutional issue which is reasonable and fair to all," he said.

The reaction in Whitehall was cautiously upbeat. Sir Patrick Mayhew, Northern Ireland secretary, hopes the new Irish government will help end the political deadlock in the province. But Mr Spring's overtures were given a chilly response by Unionist leaders, suggesting any breakthrough remains elusive.

All-party talks on Northern Ireland, embracing the UK and Irish governments and the four main constitutional parties in Northern Ireland, broke down last November without agreement.

The Unionists insist the republic must drop its territorial claim to the north if progress is to be made.

Mr Spring said yesterday that his government was committed to the principle, laid out in the 1985 Anglo-Irish Agreement, that there would be no change in the status of Northern Ireland without the consent of the majority there. "We will be quite ready to confirm and elaborate that principle in various ways as Unionists might wish, in any new agreement that transcends the



Dick Spring: overtures to Ulster

Anglo-Irish Agreement . . . our historic challenge now is to show beyond all doubt that the nationalist commitment to the principle of majority consent is meaningful and genuine," he said.

"Our besetting failure on the nationalist side has been a persistent tendency to underestimate the depth and strength of the Unionists' identity. We are perhaps only now coming to terms with the full dimensions of this reality," he said.

"The constitution was never intended to be an obstacle to mutual understanding on this island and our people would never wish it to be so," Mr Spring said.

"It is no longer a question of whether we 'could' or 'would' put an agreed package [on constitutional reform] to the people in a referendum. We are pledged in our governmental programme to do so.

"But we clearly see the need to get around the table to work out how a generally acceptable package might fairly accommodate the deep divisions, including the divisions on constitutional issues, which are the source of the conflict."

Mr Spring also proposed the drawing up of a new agreement or covenant, "guaranteeing that whatever the circumstances, there will always be full respect and fair dealing between us on this island. We could agree certain fundamental principles to govern all future relationships and entrench them beyond the reach of all changes in regard to sovereignty."

Mr Spring hinted that he might be prepared to travel to Belfast to restart bilateral negotiations with the Unionists, and added: "We must at some time reach the point where all of us around a table can say to each other: this is a very difficult for us, but it is a just and fair compromise."

Mr Peter Robinson, deputy leader of the Democratic Unionist Party in Northern Ireland, responded negatively, to the offer, saying: "Between my door and his door there is a road which has a very large obstacle placed on it, which he alone and his country can remove – that must be the priority.

"He has to face up to the reality that you cannot have a new relationship until the Irish Republic removes its claim to our territory."

Consumer group calls for tougher investor protection

By Norma Cohen, Investments Correspondent

SELF-REGULATION of the financial services industry has failed the consumer and should be replaced by a statutory Office of Investor Protection, the Consumers' Association said yesterday.

The group, in a review of the six-year-old Financial Services Act, said the current system was "far too deeply flawed" to be remedied easily and the entire act should be scrapped.

While acknowledging that the act had made some demonstrable improvements in protecting investors, particularly in the provision of a compensation scheme for those who have suffered losses, it said there were far more shortcomings.

"There is considerable evidence that the regulatory system has delivered inadequate standards of monitoring and enforcement, resulting in unacceptably high levels of fraud and widespread mis-selling," the association, a voluntary organisation with more than 800,000 members, said.

Much of this stemmed from the "commission bias" in the sale of personal financial products. This encouraged agents to push products which earned them the highest commissions rather than those which were most appropriate to the individual consumer.

Charges to consumers are deducted in the first few years of a policy's life. As a result, those who surrender early lose most or all of their premium payments. The association estimated that the annual loss to consumers in the first year of the contract being signed was about £250m.

The association said the current Financial Services Act, which allows many firms to choose between several self-regulatory bodies, had created "regulatory arbitrage", allowing large integrated groups to shop around for the most sympathetic regulator.

In citing evidence of widespread mis-selling, the association noted that during the 1988-89 tax year, personal pensions were sold to 63,000 women with no earnings who did not even qualify for such plans.

It also cited the results of its study of mortgage lenders which were also selling insurance products. In all but one of 38 cases, borrowers were advised to purchase a long-term endowment policy and 13 of the lenders falsely informed borrowers that the endowment was the cheaper option.

The association recommended that a regulator be established similar to those overseeing public utilities. A Director General of Investment Protection would have statutory powers to require compliance by any investment industry sector.

THE LEX COLUMN

On the high wire

It is a sign of the times that the London market still wants to go up despite the bad news from Barclays. The most obvious reason is the accommodating stance taken by the Bundesbank. That not only raises the prospect that the UK will also soon be able to cut interest rates again. A stronger pound, coupled with the realisation that the UK could have the strongest economic performance in Europe this year, is pulling foreign buyers into British equities. Still, there are risks in these assumptions.

The market seems to have brushed aside earlier worries on dividend growth. Barclays cut its payout this week. Results next week from the likes of Rolls-Royce and Willis Corroon may show it is not alone. Cookson demonstrated yesterday that the flow of rights issues is not necessarily over. The market's present level could look stretched if, as has often happened in the past, London is jumping to conclusions about the Bundesbank. Yesterday's quarter point cut in German money market rates makes a cut in the official rates almost inevitable. But the Bundesbank has also indicated that it will move cautiously, not least because of its fear that the D-Mark will weaken too much against the dollar. It may now be cutting the salami in thicker slices, but it is not yet disposed to hack it off in chunks.

That puts Mr Norman Lamont in a quandary. The next Bundesbank council meeting is on March 18, two days after the Budget. If he is planning to sweeten any tax increases with a further rate cut, he will have to take a risk on matching action from the Bundesbank. Otherwise sterling would again look uncomfortably exposed.

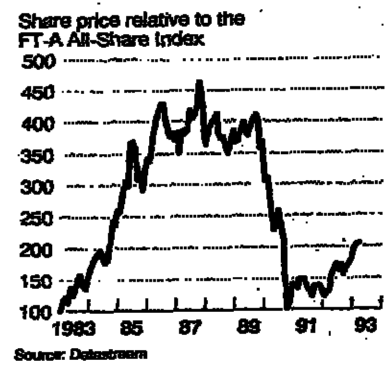
Cookson

Cookson's management should resolve never to place the company at the mercy of another put option. The obligation to buy out its partner in the Stern Leach precious metals business cost an unwelcome £50m last year. Another £80m will have to be found next year to repay convertible bond holders certain to demand their money back early. Since working capital is also being squeezed by the early stages of US recovery, Cookson faced a pressing requirement for additional capital to which yesterday's rights issue was a natural answer.

Gearing climbed from 51 per cent to 74 per cent last year, and would have been higher but for the effect of weaker sterling on shareholders'

FT-SE Index: 2922.1 (+17.3)

Cookson



Source: Datastream

funds. As well as bringing gearing to a more comfortable level, there will be cash left over for acquisitions. In the light of history, it is tempting to conclude shareholders are being asked to give the company enough rope to hang itself. But after two years' consolidation under new management and with the cycle turning in its favour, Cookson may deserve some leeway.

It has to do something. There is little chance of squeezing much more than £1.5bn turnover from its slimmed-down set of businesses. Even if it reaches a target return on sales of 10 per cent – and allowing for a modest interest charge – that might imply pre-tax profits of perhaps £140m at the peak, possibly three years away on an optimistic view. On that basis, the shares were starting to look fully valued before yesterday's announcement.

UK banks

UK bank shares have risen by over 50 per cent since sterling left the ERM last September. Until the current results season, the rise seemed justified on the basis that lower interest rates would gradually float the sector free of bad debt provisions. The optimism now seems overdone. Though Barclays was the worst performer, there was a general trend for bad debts to rise between the first and second halves of 1992. They may be stubbornly slow to fall in 1993. There will be less topping up of old property provisions, but economic recovery tends to stretch small businesses and provisions on European lending look set to rise.

Nor is the outlook for operating profits encouraging. Though 1992 produced increases of 20 per cent and 18 per cent at National Westminster and Barclays respectively, Lloyds and Midland, which are further down the cost-cutting road, saw hardly any increase at all. Loan demand is flat and there is limited scope for repeating the money market profits generated from the steep fall in interest rates last autumn.

Those who fear more nasty surprises on provisions might be attracted by a defensive stock like Lloyds. It can virtually guarantee real dividend increases, but may not manage sufficient growth in operating income to justify its present price. Arguably Barclays is on the least demanding rating in terms of operating profits. Yet those who buy today may have to wait till 1995 or 1996 before provisions return to more normal levels.

US economy

The rebound in US employment during February seems to confirm the evidence of a widespread and strong recovery. Recent purchasing managers surveys and sharp growth in the last quarter of 1992 point in the same direction. But care is needed in interpreting the figures. A large number of the new jobs were part-time and concentrated in the retail and construction sectors, while manufacturing jobs showed only a slight increase. And given that employment growth was unexpectedly weak at the end of 1992, the seasonal adjustment of the figures may be faulty.

Consumer confidence has also been falling, which is hardly consistent with rapidly improving employment prospects. That decline has accelerated since President Clinton unveiled his deficit reduction plans. Individuals may already be retrenching in the expectation of tax increases, while the beneficiaries of his fiscal stimulus have not yet been clearly identified.

Modest growth concentrated on construction, with productivity improvements providing most of the boost in manufacturing, may reassure the bond market. Long yields around 6.75 per cent would thus prove sustainable. If growth falters, they may even fall further. But equities will struggle harder. Prices have marked time for two years on the expectation of recovery. Ratings have fallen as earnings have recovered. On estimated 1993 and 1994 profits Wall Street does not look expensive, but neither is it a steal. With sustained growth elusive, there may be more waiting to come.

Plan approved for £200m north-west shopping centre

By Vanessa Houlder, Property Correspondent

A £200m SCHEME for one of the largest out-of-town shopping centres in the UK yesterday won planning permission from Mr Michael Howard, environment secretary.

The 300-acre Trafford Centre near Manchester, which will have 1m sq ft of shopping and sports facilities, will be the largest retail project in the north-west of England.

Work is expected to begin on the scheme within two years and is likely to be completed by 1997.

If it goes ahead as planned, its scale will be matched by only a handful of other regional shopping centres built in the last seven years, such as Merry Hill at Dudley in the West Midlands, Meadowhall in Sheffield, Lakeside at Thurrock in Essex and the MetroCentre in Gateshead.

Retailers, property owners and councillors in the centre of Manchester fear the project will draw business away from the city. "A development of this size will have a profound effect on the town centre," said Mr John Ellison of MEPC, Britain's second largest property company.

Critics of the scheme said Mr Howard's decision appeared to cut across draft planning guidelines issued by the government at the end of last year. These favoured planning restraint for out-of-town shopping centres to protect existing centres.

Property experts said it was likely that the Trafford Centre would be the last large shopping centre to win planning approval.

Mr Howard said he accepted the conclusions of a planning inspector that, with some improvements to the motorway junctions, the motorways could cope with the extra traffic.

Very few property schemes have been initiated since the property market began its decline three years ago. But Mr Robert Hough, chairman of Manchester Ship Canal Company, the developers of the site, said he was confident of attracting finance and tenants. "It is a greenfield site, linked to three motorways with a large conurbation on its doorstep. It will be a magnet into the north-west," he said.

More than 7m people live within an hour's drive of the site which is bounded by Trafford Park, the M63 and the Manchester Ship Canal.

The site has been used as agricultural land by the Manchester Ship Canal Company since the 1920s. It falls within the responsibility of the Trafford Park Development Corporation, an urban renewal body.

Six years of wrangling, Page 7

Congdon

Continued from Page 1

members were "free agents".

Prof Congdon said he wanted to expose "fundamental misunderstandings" among many supposed experts in economic theory. He wanted to remain on the panel, which met first only two months ago, but felt it vital for the group to change its remit to look more fully at money supply.

He believes economic demand is influenced largely by the amount of money in the economy, controlled by interest rates and other measures. As a result, a tax rise would not necessarily prevent a recovery.

Hurd leads onslaught on rebels

Continued from Page 1

in July or early August.

Mr Clarke told reporters that the Conservatives had always tolerated dissent but the cabinet now judged that it was threatening the authority of the government. "Enough is enough is what we are now saying to the Euro-rebels," he said.

That foreshadows several fresh confrontations with the party's Euro-sceptics over the next few weeks as Tory business managers seek to accelerate the pace of the detailed scrutiny of the legislation in the House of Commons. But senior ministers were emphasising privately that the cabinet was now determined to staunch the wounds inflicted by the ratification process.

In an effort to detach the dissidents on the Tory backbenches from their local constituency associations, Sir Norman issued a blunt demand to the activists at yesterday's meeting of the central council for loyalty both to the government's European policy and to Mr Major personally.

In deliberately uncompromising language, Sir Norman said party unity could not be regarded as an "optional extra" by Tory MPs, reminding them that they should "never forget" that Mr Major had led the Conservatives to their fourth election victory. For his part, Mr Heseltine accused the Euro-sceptics of undermining Mr Major's influence with his European counterparts in future negotiations.

Sir Norman made a veiled threat that senior MPs opposed to the treaty might risk their executive seats on the 1922 committee of backbench MPs if they continued to vote against the government on procedural motions.

Senior ministers, however, played down suggestions from some pro-European that rebel Tory MPs might face expulsion from the party.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Bil & Berger	1005	+	15
Colonia Konzern	1080	+	30
Lahmeyer	675	+	30
Rheinmetall Ber	255	+	10
Schering	758.5	+	13.5
Falls			
BMW (Br)	482	−	10
New York ($)			
Rises			
Alcoa	70¼	+	1¾
Goodyear	71¾	+	1⅜
Hewlett-Packard	77¾	+	1⅞
Motorola	62⅛	+	2¼
Salomon	40⅜	+	¾
Falls			
Amgen	34¼	−	⅝
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
AGF	584	+	14
Credit Local	427	+	16.5
Immobanque	720	+	30
Rhone Poulenc	547	+	27
Falls			
Peugeot	572	−	18
Valeo	751	−	34
Tokyo (Yen)			
Rises			
Fujisawa Pharm	845	+	67
NEC	661	+	41
Nihon Spindle	5212	+	36
Falls			
Chinon Inds	301	−	29
Macross	299	−	31
Nichiboshin	220	−	20
London (Pence)			
Rises			
Airtours	327½	+	13½
Aran Energy	27½	+	2
Argyll Group	381	+	13
Avesco	64	+	5
Barclays	408	+	16
Boddington	242	+	12
Bomfield	144	+	11
Dagenham Motors	103	+	7
Hartstone	161	+	12
Kingfisher	542	+	13
Nurdin Peacock	213	+	17
Owners Abroad	144	+	6
Peel Hldgs	200	+	31
Rothmans B	649	+	14
Rutland Trust	20	+	2
Sainsbury (J)	534	+	11
Tadpole Tech	324	+	27
Falls			
Cookson	199	−	14
Eurotunnel Uts	464	−	19
First Nat Fin	56	−	5
Goodhead	20	−	6
Hampson Inds	34	−	4
McLeod Russel	95	−	5
Union Discount	84	−	19

World Weather

UK Today: Dry and bright in the south-east and Midlands and there will be sunny spells over eastern coastal regions up to north-east Scotland. Elsewhere it will be cloudy with outbreaks of drizzle. Fairly mild.

		°C	°F
Ajaccio	S	11	52
Algiers	C	15	59
Amsterdam	Dr	4	39
Athens	F	15	59
Bahrain	C	23	73
Barcelona	S	12	54
Beijing	F	9	48
Belfast	C	7	45
Belgrade	Sn	-3	27
Berlin	C	0	32
Bermuda	F	20	68
Birmingham	C	9	48
Blackpool	C	7	45
Bombay	S	30	86
Bordeaux	S	7	45
Boulogne	F	4	39
Bristol	F	9	48
Brussels	F	4	39
Budapest	S	-1	30
Buenos Aires		–	–
Cairo	F	20	68
Cape Town	S	25	77
Cardiff	C	10	50
Chicago †	C	1	34
Cologne	C	3	37
Copenhagen	Sl	1	34
Corfu	F	9	48
Dallas †	S	4	39
Dublin	C	10	50
Dubrovnik	C	4	39
Edinburgh	F	11	52
Faro	F	15	59
Florence	S	4	39
Frankfurt	C	2	36
Geneva	S	1	34
Gibraltar	R	11	52
Glasgow	F	11	52
Guernsey	F	6	43
Helsinki	Sn	-2	28
Hong Kong		–	–
Innsbruck	F	1	34
Inverness	C	10	50
Isle of Man	C	9	48
Istanbul	F	2	36
Jersey	F	6	43
Johannesburg	F	23	73
Las Palmas	F	20	68
Leeds	C	9	48
Lisbon	F	15	59
Locarno	S	7	45
London	C	6	43
Los Angeles †	S	12	54
Luxembourg	C	1	34
Madeira	S	17	63
Madrid	S	12	54
Majorca	S	14	57
Malaga	F	17	63
Malta	S	14	57
Manchester	Dr	8	46
Melbourne	C	17	63
Mexico City		–	–
Miami †	F	17	63
Milan	F	5	41
Montreal †	H	-5	23
Moscow	S	-7	19
Munich	Sn	-3	27
Nairobi		–	–
Naples	F	5	41
Nassau		–	–
Newcastle	F	11	52
New Delhi	S	22	72
New York †	C	2	36
Nice	F	11	52
Nicosia	S	16	61
Oporto	S	14	57
Oslo	S	4	39
Paris	C	4	39
Perth	S	31	88
Prague	S	-2	28
Reykjavik	C	4	39
Rhodes	C	13	55
Rio d'Janeiro		–	–
Rome	S	6	43
Salzburg	F	-3	27
S'Francisco †	S	9	48
Seoul	F	11	52
Singapore	F	30	86
Stockholm	Sn	-1	30
Strasbourg	C	3	37
Sydney	C	21	70
Tangier	F	16	61
Tel Aviv	C	14	57
Tenerife	F	19	66
Tokyo	S	14	57
Toronto †	C	-1	30
Tunis	C	14	57
Valencia	F	13	55
Vancouver †	R	7	45
Venice	S	4	39
Vienna	F	-3	27
Warsaw	S	-4	25
Washington †	C	3	37
Wellington	F	18	64
Zurich	S	0	32

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

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Weekend FT

SECTION II Weekend March 6/March 7 1993

Russia: the country that lost its soul to vodka

John Lloyd reads an extraordinary book that purports to be a history of the national drink but is actually a lament on the passing of socialism

FERGUSON

"Officials have found a uniquely Russian use for a nuclear power plant [at Nizhny Novgorod]. They plan to turn it into a vodka distillery ... But many townspeople are furious, the Tass news agency said. Nizhny Novgorod has plentiful supplies of liquor but is desperately short of heating."

– Reuters from Moscow, February 5 1993

FROM THE reign of the tsars to the fall of communism, vodka has been part of Russia's life. It is said to have been invented by monks there. It was celebrated for its exquisite purity on the old estates, and standardised for socialist mass production. It then became a symbol of despair, mass drunkenness and inefficiency during the decline of the Soviet Union. Now, author William Pokhlebkin – in an extraordinary book called, rather misleadingly, *A History of Vodka* – has turned the story of the "greatest drink in the world" into a lament for the passing of socialism in his country.

The story began in the 1970s when the Soviet state was faced with challenges from foreign vodka companies. They claimed Soviet producers could not call their product vodka because the drink had first been marketed elsewhere well before the Soviet monopoly was established in 1923, following an early post-revolutionary ban. But this challenge was seen off relatively easily.

Poland made a more serious claim early in the 1980s when it said vodka had been developed during its 18th century imperial period, when the nation stretched from Silesia to western Ukraine and north to Lithuania. Shaken, the Soviet Ministry of Foreign Trade asked experts to prove Russia *was* first. It turned for help to the Institute of History and the Higher Scientific Research Institute of the Fermentation Products Division of the Central Department of Distilling of the Ministry of the Food Industry. They failed.

Enter Pokhlebkin, a communist of the old regime who, as a civic duty, undertook "objective historical research." The result is this book.

Without question, the cold simplicity of vodka is an invitation to toss a glassful down the throat and wait, eyes watering, for the lovely blast in the stomach as the liquor explodes. It lacks the subtleties of whisky and the bourgeois splendour of brandy but, in its craggy purity, it stands on a peak of its own. It is worth a defence. Pokhlebkin provides that – and more.

He goes about his task rather as an objective Soviet examining magistrate would have described the state's case against a dissident before proceeding to take the "evidence." According to Pokhlebkin, western leaders were behind the first challenge, mounted in 1977 just before the "triumphant festivities" celebrating the 1917 revolution's 60th anniversary and the adoption of the new Soviet constitution. This was done in order to "take the gloss off the birthday of Soviet socialism."

The Polish attack was worse, coming from a fraternal state. But, in Pokhlebkin's words: "Only now, more than a decade later, has it become clear to everyone that there was nothing accidental, or even purely commercial, about the Polish action. Anti-Soviet factions had long been gathering strength in Poland. They were closely linked with various reactionary circles in Europe and America, and it was obvious even then that they were acting as agents for the western 'vodka kings' For the Soviet foreign trade organisation, the situation was both unexpected and thoroughly unpleasant: our people were not accustomed to disputes with allies."

Pokhlebkin's knowledge of history appears not to include the invasions of Budapest and Prague but he is better on earlier periods. He says the first alcohol available in Russia was wine, imported from Byzantium and Asia Minor from the ninth century. Mead, a stronger drink brewed from honey, became widespread from the 12th and 13th centuries when wine stopped coming. When honey supplies eventually ran short, kvass, a grain-based mead, became generally popular. Pokhlebkin notes that it became "more powerful and stupefying" by the end of the 14th and beginning of the 15th century – in one case, in 1382, causing the surrender of Moscow to besieging Tartars because their promises of gentle behaviour were believed by the drunken defenders.

Pokhlebkin claims vodka was first produced in a Moscow monastery between 1440 and 1470, and believes this dating can be deduced from a correct reading of the socio-economic conditions at the time. Only when alcohol could shake off its identification with ritual and religion and become a commodity in a money economy; only when the state required a convenient vehicle for taxation; only when the state itself developed the apparatus for enforcing a monopoly on the drink; only when the ruling class was sufficiently intelligent and ruthless to use vodka to influence social policy – only then, within a grain-based agriculture, could vodka appear.

It did – and "acted like an atomic explosion in the stagnant calm of patriarchal feudalism." State-employed innkeepers were instructed not to throw out drunkards but keep keep them drinking for the sake of the revenues. This caused a rift with the church, and general cynicism in society. It deepened poverty and created a drunken *posadskaya golytba*, or urban poor.

Finally, the church, having lost its production monopoly early in the piece, was forbidden to distil vodka in the 18th century and the right passed to the gentry (who, in tsarist society, were aristocratic "serfs" of the ruler). This added further substance to the church's negative attitude to what it regarded as the Devil's poison.

Vodka was not called that universally until the 19th century when it went into full-scale industrial production: earlier, it was known widely as *Russkoye vino* (Russian wine). The name arose when producers, who conducted the process by which a grain distillate was diluted constantly with water *(voda)*, applied the diminutive of that word (*vodka*) to their product. It quickly became general.

Pokhlebkin records how the gentry, with time hanging heavy on their famously underemployed hands, introduced purifying processes for the water "regardless of cost." In the industrial period, other refinements were made, such as introducing aerated water. "All of this contributed to the creation of modern vodkas: that is, of a vodka which is not simply a means of getting drunk but a complex national product embodying the historical and technological imagination of the Russian people." The gentry, getting grain and labour more or less free from their vast estates and able to tolerate yields of less than 2 per cent, were able to pursue ways of making vodka as pure as possible – a process accelerated when the state banned the general trade in it and all production had to be for the gentry only.

This cosy arrangement was disrupted by 19th century capitalism which, Pokhlebkin says, "was disastrous for the common people." They were deluged with cheaper-to-make potato and beet vodka, "leading to the most unrestrained drunkenness." To raise quality again, the state was forced to intervene and establish a monopoly at the end of the 19th century. Pokhlebkin writes: "This policy of strict state control was continued and applied consistently after the revolution of October 1917 (and) has saved vodka as a product prepared to a high standard from deteriorating."

Evidently, Pokhlebkin does not think it worth considering that another method is used in capitalist countries to safeguard the quality of their (inferior, in his view) spirits – excise controls on private production. For him, as for so many Russians, there is nothing between the strong state and chaos. "A monopoly on vodka has always been a distinguishing feature of strong stable regimes and tranquillity within the state," he writes. "As soon as something disturbs the orderly course of domestic politics, the state loses control of vodka. And as soon as vodka is torn from control of the state, all conceivable disorders break out in domestic politics. Vodka clearly constitutes an effective index of the state of health and society."

In a resounding climax, he casts aside the skimpy robes of the "objective scientist" for the battledress of the class warrior. The true Russian drink found its ideal state from 1917 until 1937: it was, after 1923, produced but kept within rational limits by a [Communist] party morality and by severe laws against drunkenness. Only after 1937, when the production of alcohol of all kinds was expanded, did

■ Continued on Page XIV

CONTENTS

The Long View/**Barry Riley**

Breaking the banks

IF YOU are a banker the hardest thing can be to live up to your image. When the Royal Bank of Scotland introduced, in these competitive times, a £400 a head staff bonus based upon the level of extra charges that could be squeezed out of customers, the bank seemed surprised that this was at odds with what the customers expected. That friendly bank manager is not just in a cupboard, he has long since taken early retirement, to be replaced by a financial product salesman.

During the 1980s the cosy banking cartel was already collapsing but the monetary boom carried the UK's credit institutions up to wonderful but dangerous new peaks. The cost has subsequently become evident in huge bad debt provisions: thanks largely to this week's dreadful results from Barclays, aggregate provisions of the Big Four clearing banks have climbed to £5.8bn for 1992, against the already staggering £5.3bn for the previous year.

Only during the past year or so has the size of the banking industry more or less stopped growing, as measured by the broadly-defined money supply, M4. Over the past year it has risen by 3.1 per cent; for the past two years it has grown only roughly in line with nominal national income. In the 1980s, however, M4 grew by 16 per cent a year, driven by deregulation, by a political desire to finance a huge expansion of home ownership through the short-term credit market, and by attempts to restrain the economy through high interest rates which diverted long-term savings into the banking system.

Ten years ago M4 was numerically about 50 per cent as large as national income, today it is more than 80 per cent. Is this shift, as the Treasury has been inclined to argue, simply the natural result of deregulation, and therefore benign, or does it indicate a huge misallocation? The scale of the economic misdirection of the late 1980s in property and elsewhere, and the subsequent bad debt write-offs, would indeed suggest a large element of distortion. The collapse of some of the agents of this miscalculation, the banks, would seem appropriate. But because they are a protected species this is not allowed (and in countries like Norway and Sweden they are being propped up by the state).

That much is common ground: collapsing banks would create still greater mayhem. But a more dangerous dogma is now being promoted by the monetarists, that the banking system must not even be allowed to *shrink*. The real money supply must keep growing if there is to be economic recovery. The already bloated banks must be kept expanding, somehow.

Not even the banks appear to believe wholly in this doctrine. Brian Pearse, Midland's chief executive, has said, please, may the banks at least be allowed to opt out of small business lending, which has proved to be such a disaster? Unless, of course, the government would like to offer a subsidy ...

Indeed, it is hard to see how the banks and building societies can sustain their deposit volumes. The aggressive search for viable borrowers in the 1980s proved to be self-defeating. The company sector as a whole halted its net borrowing from banks back in 1990, and can now easily finance itself through the equity and bond markets. The overhang of debt-financed commercial property will gradually be mopped up by long-term corporate and institutional investors. The personal sector is the most overborrowed of all, and although household mortgage debt continues to rise slowly, most individual borrowers are keen to reduce their debt.

This leaves the public sector as the banks' only saviour. The Americans, remember, have already taken the route of selling large quantities of public sector debt to their own banking system, to shore up their profits and balance-sheets (though even so broad money has contracted). But for this to happen in the UK there will need to be created a large gap between money market interest rates and the yields on two- to five-year securities. At present this gap is much too small. Money market rates would have to be cut to 4 per cent, in which case sterling would tumble, or alternatively there would have to be aggressive sales by the authorities of short-dated gilts at yields of about 7¼ per cent, in which case the stock market would be vulnerable, and the private sector would be damaged.

In any event, if the power of the banks is left unchecked they will inevitably undertake a further damaging charge in some wrong direction or another. When the banking herd stampedes it is guaranteed to generate a self-fulfilling boom, then a self-destructive bust. Lord Alexander, chairman of NatWest, blamed the damage done to the banks by extreme economic cycles without drawing the lesson that the banks themselves were largely responsible for the economic overheating.

The banks will not this time gallop into Third World debt or small company finance – history does not repeat itself so precisely. In fact the next danger area is likely to be insurance: the banks' involvement began with life insurance, but judging by the plans of Abbey National this week a move into general insurance underwriting may follow, including the self-insurance of mortgage indemnity risks.

Do the banks understand these non-banking risks, given that they failed to comprehend the risks of property lending or small business finance? The banks should stick to their core business: processing simple financial transactions, dull though that may appear. Their non-executive directors should say so; otherwise, in a few years, they will all feel as embarrassed as the non-execs at Barclays have been this week.

It is not just that your banker is sizing you up as an unsuspecting mug punter who can earn him bonuses. It is that respectable bankers in their dignified parlours repeatedly act as reckless gamblers. Those monetarist economists should draw the conclusion that a falling M4 might not be such a disaster after all.

London Markets

Honourable mentions

*By **Peter Martin**, Financial Editor*

JOHN MAJOR'S reform of the honours list encourages everyone to suggest potential honorees. Here are this column's nominations:

■Lord Schlesinger of Hesse. For services to the London stock market above and beyond the call of duty. By first hinting at a German rate cut over the weekend, then appearing to rule it out, then finally delivering a quarter-point cut in money-market rates on Friday, Helmut Schlesinger, president of the Bundesbank, provided exactly the sort of flirtatiously delayed consummation the market likes. Shares in London set not one but three FT-SE 100 closing highs in response, on Monday, Wednesday and Friday, closing the week at 2,922.1, up 54.1. The Mid 250 and SmallCap indices also did well.

■Sir Andrew Buxton. For services to builders, suppliers of mobile phones, makers of gold-plated Rolls-Royces and tailors of alpaca overcoats. Barclays' dismal results on Thursday illustrated just how lavishly the bank Andrew Buxton chairs has indirectly subsidised these businesses over the past five years: of the £2.6bn charged for bad or doubtful loans in 1992, £800m were to property developers, and they spent every penny of it. Lest anyone think that Buxton merely lucked into this award, we reprint alongside what Lex said when the bank made its infamous rights issue in 1988. This was a *planned* disaster.

■Brian Pearse CBE. For services to amnesia. By delivering Wednesday's healthy results at Midland (pre-tax 1992 profits up 394 per cent to £178m) he has managed to make everyone forget that he was Barclays' finance director at the time of the 1988 rights issue.

■John Birt OM. For services to Companies House. By channelling his pay through a private company, the new director-general of the BBC produced a surge of revenue for the companies registrar, as newspapers rushed to commission company searches on every media executive they could think of.

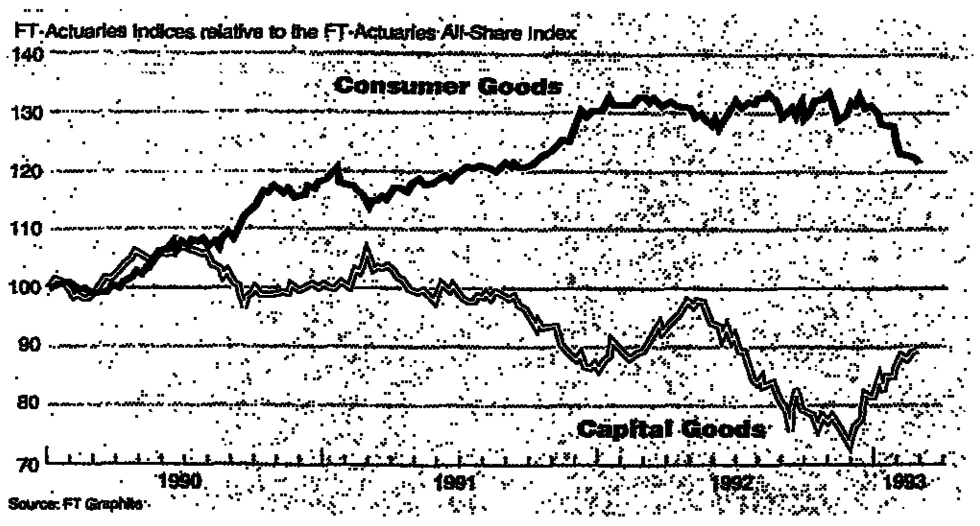
■Sir Christopher Hogg GCVO. For services to corporate governance. After advising the Cadbury committee (main recommendation: companies should usually split the roles of chairman and chief executive) he retired as non-executive chairman of Courtaulds Textiles – leaving Martin Taylor, chief executive, to combine the two titles.

■John Ashcroft BEM. For services to the insolvency courts. Most people restrict themselves to one corporate bankruptcy per recession; he has managed two. Coloroll, which collapsed in 1990, is still fresh in the memory of its shareholders; now Ashcroft's recovery vehicle, Survival Aids, has also gone under.

The Bundesbank was not the only motive force behind the stock market's strong performance this week. Shares seemed to benefit from a virtuous circle of improving expectations. The recovery from the recession seemed at last – falteringly – under way. Evidence for this came not just from an upbeat Treasury bulletin ("Retail sales rose strongly in January . . . demand and activity in late 1992 appear to have been, if anything, a little stronger than the autumn statement assumed"), but also from less *parti pris* quarters. House-builders, for example, reported new home sales up by a fifth in January and February.

The stock market has anticipated this trend for some months, as the chart shows. It contains a couple of ad hoc unweighted share indices, constructed by the FT's Keith Fray, containing 30 "cyclical" companies (including BOC, Taylor Woodrow, Emap, ICI, and Rolls-Royce) and 30 consumer-product companies (Glaxo, Granada, Tesco, Unilever and so on). In late 1992, the recessionary trend – which favours the defensive consumer stocks against the cyclical ones – came to an end. Since then, cyclicals have significantly out-performed.

To UK investors, the recovery may thus be old news. But the growing likelihood that the UK will be the EC's only big economy to show any sort of growth this year, coupled with a belief that the pound is safely off its lows, has tugged continental and American investment institutions into the market. Give 'em all OBE's!



Source: FT Graphite

What Lex said about Barclays' 1988 rights issue

The sheer scale of the appetite for capital of the London clearing banks never ceases to amaze. But even so, Barclays' £921m rights issue, coming only three years after it raised £507m, is breathtaking both in its size and its arrogance. Here is a bank whose performance over the last few years has been modest at best, asking shareholders to stump up the equivalent of more than three years of retained earnings to enable an aggressive new management team to embark on an untested growth strategy.

If Barclays had been a US bank trying to sell this message on Wall Street, it would have been almost certainly shown the door. Fortunately for Barclays, shareholders on the east side of the Atlantic appear less concerned about dilution of earnings and net asset value, and seem to have a trusting faith in the management's ability to put the money to good use.

Nevertheless, the sharp sell-off in bank shares yesterday signalled the general unease with Barclays' pre-emptive strike. UK banks, which account for less than 5 per cent of the total market capitalisation, have accounted for nearly a fifth of the total equity capital raised in the UK over the last five years, and their appetite shows no sign of abating. Now that Barclays has announced that it wants to dislodge NatWest from the top spot, it is not beyond the bounds of possibility that the latter might return for another monster slug.

Barclays argues that it needs the extra money to boost its market share. But given the stage in the economic cycle, this might not be the best time to begin pumping even more credit into the UK economy. Barclays had the worst bad debt experience during the last recession and credit quality is one of the first casualties of any bid for increased market share. But at least Barclays will soon have plenty of capital to cushion itself against its future bad debts.

■ *The Lex Column: April 8 1988*

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992/93 High	1992/93 Low	
FT-SE 100 Index	2922.1	+54.1	2922.1	2281.0	Anticipating German rate cut
FT-SE Mid 250 Index	3107.9	+71.8	3107.9	2157.8	Switching from blue chips
Abbey National	386	-12	403	245½	Profit-taking after prelims
BICC	374	+49	378	207	Recovery hopes/good figs
Barclays	408	-16	464	274	Final div halved/losses
Boddington	242	+39	243	146	30% improvement in results
Cowie (T)	216	+22	216	99	Good results
Devenish (JA)	264	-15	291	194	Boddington may sell 19.5% stake
GEC	312½	+18	314	183	UBS Phillips & Drew "buy" rec
Glynwed Intl	291	+26	291	183	Renewed confidence
Racal Elec	200	+11	206	129	Broker "buy" notes
Raine Inds	97	-17	137	67	Disappointing prelim figs
Refuge	980	+67	980	564	Sells estate agencies
Standard Chartered	708	+40	721	364	Good figs expected next Wed
Union Discount	84	-31	200	38	Bid talks terminated

Serious Money

The high costs of 'good' advice

*By **Philip Coggan**, Personal Finance Editor*

A ROUND of applause to the British investing public for seeking out Cazenove's bond and utility fund, which had low initial and annual charges and yielded 7 per cent if held within a personal equity plan. Cazenove says it has raised £24m; and, although some of the money came from fee-charging financial advisers and some from the firm's own clients, the bulk came from small investors.

Fidelity's new income fund, which has a lower yield and higher charges than Cazenove (but still relatively low fees by industry standards), has raised £15m, mostly from the public. But, of the three funds launched last month, the most money – £45m – was raised by M&G, which had the highest charges of the three. Its initial charge is 4.5 per cent (0.8 per cent all told on Cazenove), and its annual charge is 1.5 per cent (0.5 per cent at Cazenove).

M&G is not being greedy. Its front-end charge is higher than the others because of the commission it is prepared to pay to those who sold the fund. And it says it raised around 30 per cent of its money from independent financial advisers and 70 per cent from the public.

The industry can produce as many arguments as it likes for the present system of commission charging, but these recent fund launches show its absurdity. More than half of those who acted on their own opted for the two funds with higher yields and lower charges; those who took "advice" were, almost exclusively, put into the fund with the lowest yield and the highest charges.

You can hardly say that advisers have favoured M&G's fund because it offers monthly income; Fidelity's does, too. Some could argue that M&G's offering, with its higher equity content, might produce better long-term growth in income – although the income will have to grow 40 per cent to catch up with Cazenove while coping with a bigger annual charge.

Many contend that charges are irrelevant in the long run; what matters is performance. All well and good, except for two things. *Future* performance is unknown when an adviser makes a recommendation; the charges are set out clearly in black and white. Second, if two managers buy exactly the same stocks, the one with the lower charges will produce the better return. Buying the fund with low charges tilts the odds in the investor's favour. So, I find it hard to believe that it is sophisticated analysis, and not commission, which has pushed advisers in favour of M&G.

It has to be said that Fidelity, while having a lower charging structure, is offering the same 3 per cent commission as M&G; but Cazenove is not paying commission at all. One financial advisory group I met recently said it was not even mentioning Cazenove to its clients, because it would get no money for recommending the plan.

Many independent advisers do a good job for their clients; it is better that investors approach them than tied agents. But the system is still crazy. Imagine the outcry if newspapers wrote only about those companies which advertised on their pages.

The guidelines for financial advisers published last month by the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra) state quite clearly: "Members must take care to ensure that their recommendations are made on the basis of the client's best interests and not on the basis of the income generated for the member." Judging by speeches from Andrew Large, chairman of the Securities and Investments Board – the industry's chief regulator – he appreciates that the public is not being served well at the moment.

At the *FT*, we have favoured advice based on fees rather than commission. We believe that paying the adviser yourself is the best way to ensure he acts in your interest and recommends the best products. But our view is not popular in the industry. Commission-based advisers argue that many investors are unwilling to pay fees, and that they have to earn a living somehow.

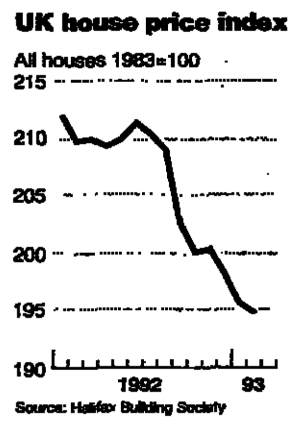
We still believe that many *FT* readers will have had experience of paying a fee to solicitors and accountants, and will be prepared to do so to an adviser. And if the public is unwilling to pay fees, the more newspapers tell them to do so, the quicker they will come round to the idea.

Many investors will prefer to rely on their own counsel, but those who do need to keep on their toes. One alert reader received a mail shot from Sharelink giving him the chance to invest in one of two indexed funds via a personal equity plan. Sharelink's special Pep offer involves an initial charge of just 1.5 per cent plus an annual charge of 0.75 per cent on the Pep.

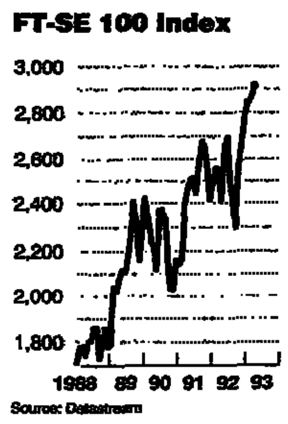
But the sharp-eyed reader noted that one of the plans chosen was Gartmore's UK index fund, which had no initial charge and an annual fee of just 0.5 per cent. The effect of the Sharelink offer was to dilute one of Gartmore's key advantages – its low charges. Furthermore, the Gartmore fund is available via a Pep from London broker W.I. Carr for just £30, plus VAT, a year.

In its defence, Sharelink points out that it is making the fund available to small investors (the minimum lump sum is £250, compared with Gartmore's normal £5,000); that investors can switch into the European index fund for free; and that the overall charge levels are still low. Nevertheless, the special offer is not so special for those who want to invest the full £6,000. But only a well-informed investor could have worked that out.

AT A GLANCE



Source: Halifax Building Society



Source: Datastream

House prices still in downward spiral

House prices are still falling, according to monthly indices from both the Halifax and Nationwide building societies. Halifax showed a small seasonally-adjusted fall of 0.3 per cent in February compared with the previous month, with UK house prices 7.2 per cent down over the year to February. Nationwide recorded a larger average fall of 1.4 per cent in February with an annual fall of 6.4 per cent. However, both societies were cautiously optimistic. A spokesman for the Halifax said: "The small size of declines in January and February could be an early indication of stability returning to house prices which we expect in the spring." Tim Melville-Ross, Nationwide chief executive, said price changes tended to lag sales activity, which had been increasing.

Britannia's guaranteed return

Britannia Building Society has launched a new guaranteed account which has a three year period, shorter than most other guaranteed products. However, the method of calculating the investor's gain is quite different; rather than the rise in the FT-SE 100 over the years, the investor's gain is 112.5 per cent of the difference between the average of the FT-SE's level one, two and three years hence, and the original level. So if FT-SE starts at 3,000 and reaches 3,200, 3,400 and 3,600 in successive years, the gain will be around 15 per cent. The gain is net of basic rate tax; non-taxpayers can reclaim the excess.

Bank charges probe demanded

Nigel Griffiths, the Labour party's consumer spokesman, this week called on Michael Heseltine, Conservative trade and industry secretary, to investigate banks' charges after revelations that Royal Bank of Scotland has put staff on an incentive scheme to maximise revenue from charges to customers.

Performance Plus was introduced on a trial basis from February to April and sets a target for each branch to raise its collection of charges for items such as returning "bounced" cheques. Each branch has a second target to increase the number of customers opening savings accounts. Employees at a branch which meets one of the two targets will receive £40 a quarter, and those at a branch which meets both will get £100.

Royal Bank of Scotland said it had identified a "significant amount of leakage" caused by staff failing to impose standard charges. The Consumers' Association said that the news was worrying given the number of mistakes made by banks on customers' statements.

Fixed-rate mortgage offers

Halifax has launched a fixed rate mortgage for first-time buyers of 6.25 per cent (APR 8.3) until June 30 1995. The fee is £200 and one insurance-related product has to be taken out. Other borrowers can fix at 6.49 per cent (APR 8.1) for the same period and fee. Halifax is also offering a 7.7 per cent fix (APR 8.3) until June 30 1998. The fee is £250. Loans over 75 per cent of the value of the house will attract a higher fixed rate. All offers are portable after February 1 1994. New portable five year fixed rates of 7.99 are available from Leeds Permanent and Woolwich. At Leeds (APR 8.3), the fee is £250, but two insurance related products must be bought if a life policy is not taken out. It is available on all types of mortgage. The Woolwich rate (APR 8.4) is only available on endowment and pension mortgages for a £275 fee. There are early redemption penalties.

Good week for smaller companies

Small company shares had another good week. The County index rose 2.3 per cent from 1055.57 to 1080.21 over the week to March 4, while the Hoare Govett index (capital gains version) rose 1.3 per cent to 1349.05 to 1366.23 over the same period.

Wall Street

Good news on jobs fails to dispel bad mood

THE US stock markets were in a distinctly bloody-minded mood this week. Take yesterday's employment figures. The monthly jobs data are the most closely-watched economic indicators in the statistical calendar; so the news that non-farm payrolls soared by 365,000 in February (three times the markets' expectations), and that the unemployment rate fell unexpectedly from 7.1 to 7.0 per cent, should have given share prices a substantial lift.

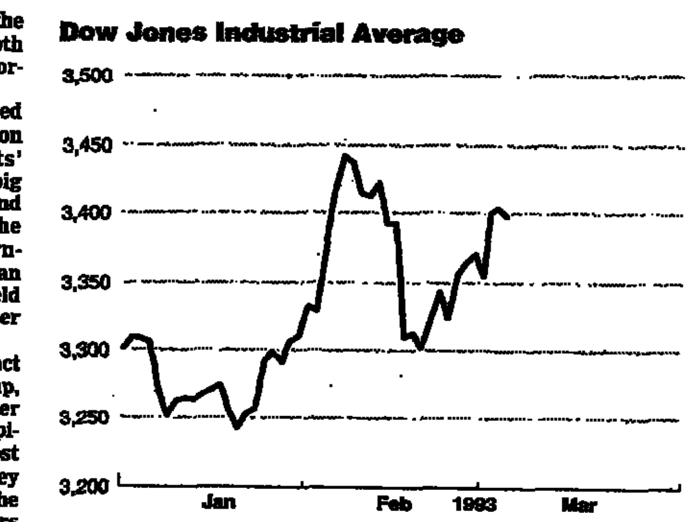
After all, one of the main concerns that has troubled investors lately has been the failure of jobs' growth to keep up with the accelerating pace of economic activity. Yesterday's report showed that employment growth could be picking up at last. The Bureau of Labour Statistics said it was clear from the data that the jobs market had "strengthened considerably" in February.

Yet, the figures were all but ignored by the stock markets. Two hours after the data was released, the Dow Jones Industrial Average was up just three points – and other key indices were lower. The dollar, meanwhile, seemed to like the jobs news: it rose against both the D-mark and the yen on foreign exchange markets.

At first glance, there seemed to be an obvious explanation for the stock markets' response. The news of the big increase in payrolls sent bond prices into a tailspin. The benchmark 30-year government issue dropped more than a full point, pushing the yield up sharply to well over 6.8 per cent.

Equity investors do not react well when interest rates go up, and for good reasons. Higher rates increase the cost of capital for companies and the cost of loans for consumers. They also threaten to undermine the competitiveness of exporters by inflating the value of the dollar.

This explanation, however, does not ring true because the stock markets have not been taking much of a lead from bond prices recently. Over the past two weeks, equity investors chose studiedly to ignore a remarkable bond market rally that sent yields down to record lows. So, why should they suddenly sit up and take notice when the bond market takes a turn, probably temporary, for the worse?



Source: FT Graphite

Was there was another explanation for why the jobs figures failed to lift stock prices? One suggestion was that investors were disappointed by the meagre growth in manufacturing payrolls. The headline number might have risen by 365,000 last month, but manufacturing jobs increased by only 10,000.

Even this does not make sense, though, if the employment report is scrutinised closely. While manufacturing jobs' growth was disappointing, the figures showed that the manufacturing work-week rose sharply last month and that overtime reached the highest levels seen in 36 years. Instead of taking on new workers, employers asked their existing labour force to work longer hours.

Moreover, while manufacturing jobs' growth may have gone nowhere in February, companies in the services and retail industries added thousands of new workers to their payrolls – more than 250,000 new jobs were created in the two sectors combined.

Admittedly, the majority of these were part-time, but any increase in the number of people working is good for the economy. And part-time workers earn money just like full-time workers – money that can be ploughed back into the economy.

Perhaps the stock markets were taking their cue from the White House, which bent over backwards yesterday trying to play down the significance of the big rise in payroll numbers. An army of big guns – including the president, labour secretary Robert Reich, commerce secretary Ron Brown and Senate majority leader George Mitchell – was trotted out to say that the good jobs figures certainly did not mean the economy no longer required help from the government.

Wall Street's economists disagreed forcefully. As Ed Yardeni, chief economist at C.J. Lawrence, put it: "Message to Washington: Kill the short-term fiscal stimulus programme. It isn't necessary."

So perhaps that was it. The stock markets did not like the jobs news because investors were worried that, with the economy recovering strongly enough on its own, the Clinton package of fiscal stimuli will lead to an overheated economy, rising inflation and higher interest rates.

If this was the real explanation, it reflected a remarkable turnaround in stock market sentiment. When the president unveiled his package in mid-February, share prices plunged because investors feared his measures would retard, not promote, economic growth. Two weeks is obviously a long time on Wall Street.

Patrick Harverson

Monday	3355.41	– 15.40
Tuesday	3400.53	+ 45.12
Wednesday	3404.04	+ 3.51
Thursday	3398.91	– 5.13

The Bottom Line

A tricky calculation over Barclays

IT HAS almost become old hat for British banks to make losses after a decade in which first Third World debt went wrong, and then a reckless lending spree at the end of the 1980s led to huge bad debt provisions. But Barclays still caused a stir this week with its first ever pre-tax loss in 96 years.

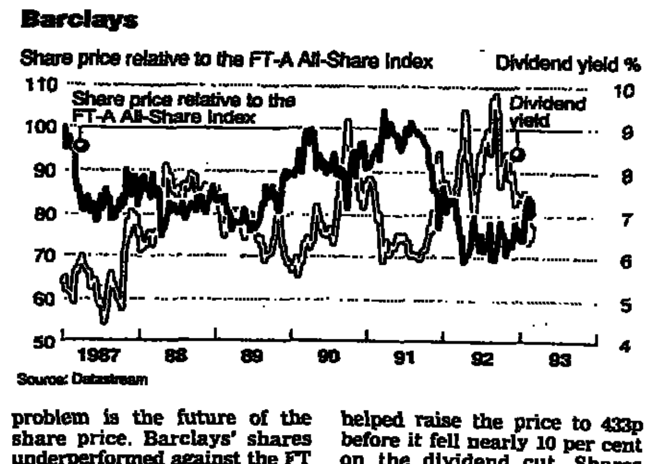
Barclays has had an uncomfortable relationship with some larger shareholders since it said it was appointing Andrew Buxton to the twin posts of chairman and chief executive from this January. Some fund managers argued that Buxton should split the roles, as he has now promised to do.

But the decision this week to halve its final dividend to 6p per share, cutting Barclays' total dividend for 1992 by 28 per cent to 15.15p, raised fresh questions about whether the stock is worth having. It might even have made some depositors question whether their money was entirely safe.

The second question is easier to answer. Barclays remains an extremely well-capitalised bank by international standards. The bank actually managed to increase its overall ratio of capital to risk-weighted assets to 9.1 per cent despite recording a loss of £242m before tax for the year.

This is well above the 8 per cent ratio that the Bank for International Settlements has set as a safe minimum for any bank to ensure funds are well-secured. Barclays' ratio of core capital such as ordinary shares fell to 5.5 per cent of risk-weighted assets, but is even further above the BIS minimum of 4 per cent.

But if the bank's borrowers and lenders face little risk, its shareholders face a more tricky calculation. The first problem is the future of the share price. Barclays' shares underperformed against the FT A All-Share index during 1992, falling 12 per cent from January to December.



Source: Datastream

A growing market conviction until this Thursday that the dividend would be maintained helped raise the price to 433p before it fell nearly 10 per cent on the dividend cut. Shares recovered yesterday as the market absorbed the notion that Barclays had prepared itself for recovery.

The second problem is the dividend yield. The cut reduced the yield sharply from 6.5 per cent on Wednesday to 5.2 on Thursday. Shares were yesterday trading at a gross yield of 5.02 per cent compared to 5.4 for National Westminster.

The answers are hard to assess because Barclays' results next year are themselves uncertain. If the bank has set itself on the way to solid recovery and the reduced dividend is safe from further cuts, then some analysts argue the sheer size of its recovery potential means it is a good long-term bet.

Julian Robins, of BZW, who predicted a reduced dividend, is recommending holding Barclays' shares. He predicts a £300m pre-tax profit for 1993, and a yield of 5.2 per cent.

The contrary view is that Barclays has done itself little good by bolstering its tier 1 capital at the expense of its dividend, and the strength of recovery is unknown. Buxton says he recommended a cut dividend because he could not predict how far bad debt provisions would fall.

Tim Clarke, bank analyst at Panmure Gordon, says NatWest shares are now appealing compared with Barclays. He believes the uncertainty over Barclays' recovery means the gross yield should be half a percentage point above NatWest. "NatWest looks stronger, and is recovering earlier," he says.

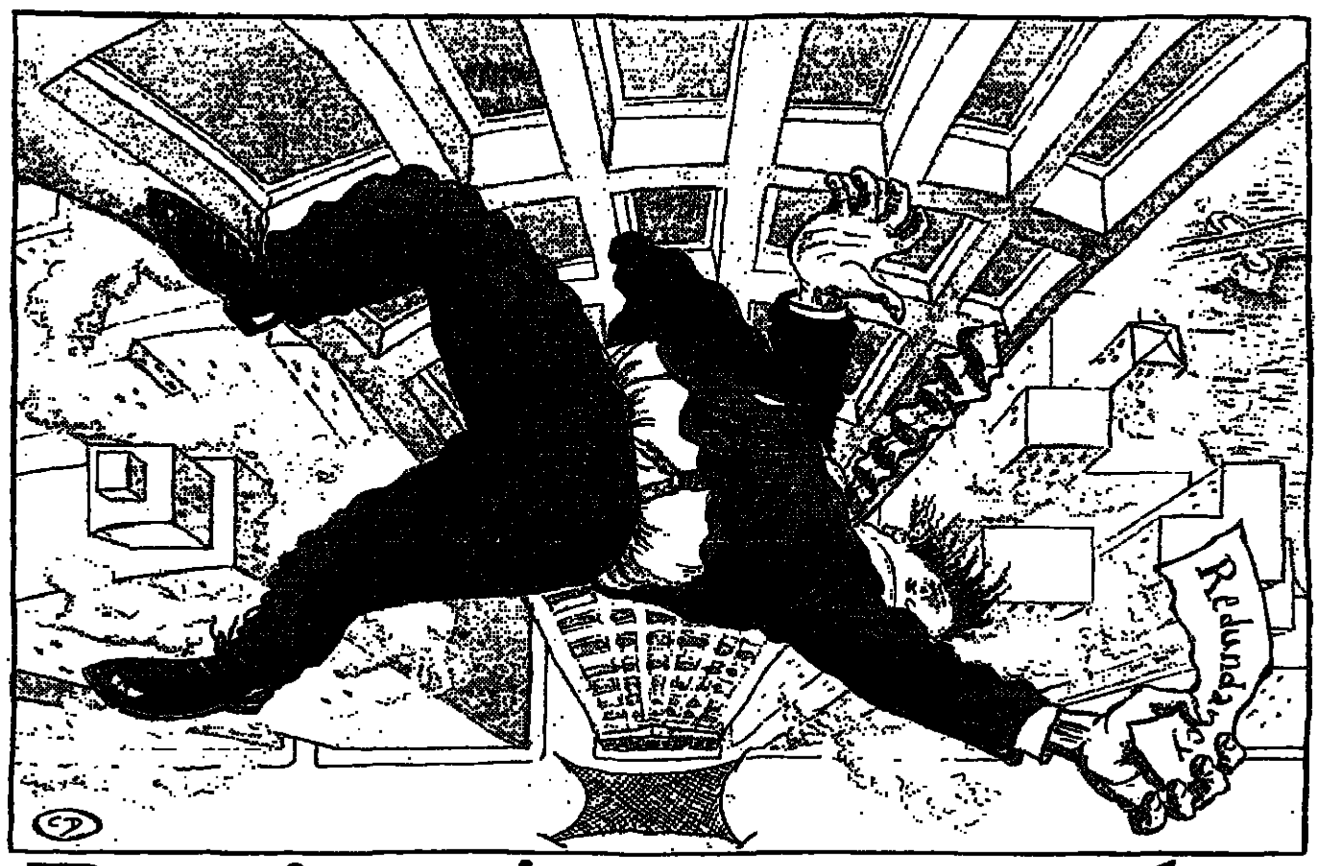
The calculation between the two banks thus comes down to how firm Barclays' recovery will be in 1993 and whether it will need its stronger core capital. A brisk economic upturn – bringing a sharp rise in loan demand, and recovery in property prices – would help tip sentiment towards Barclays.

John Gapper

FINANCE AND THE FAMILY

Don't miss out on the benefits of redundancy

*In a new series, **Scheherazade Daneshkhu** looks at your rights*



REDUNDANCY is affecting more and more people, with a growing number of the nation's 3m unemployed being former executives. And while it might seem calamitous, financially it is one of the better ways to leave a job. Resigning or taking early retirement mean losing out on many benefits.

■ Before redundancy

If you suspect you might be made redundant, there are several measures you can take in advance.

Peter Smith, of financial adviser Hill Martin – which specialises in retirement and redundancy planning – says: "People think they have no negotiating power. That is not quite right.

"When an employer is making someone redundant, they want them out of the door as soon as possible and sometimes they say 'yes' to something just to get rid of them."

Start by taking out your contract of employment and check the terms and conditions, particularly the length of notice to which you are entitled. You will then be able to ensure that pay-off terms agree with the contract. If you belong to a union, trade or professional body, see if it has any guidelines or advice.

Jenny Woolf, author of *Redundancy: Coping and Bouncing Back**, suggests taking full advantage of facilities offered by the company while you are still employed, such as a medical check-up. If you have redundancy cover for mortgage payments, check its terms and conditions. These protection plans are becoming increasingly expensive while offering poorer value (see page VI).

■ Redundancy negotiations

Statutory redundancy pay is the legal minimum which an employer is obliged to pay and it is calculated on your age and length of service subject to the current maximum of £205 a week. You qualify for statutory redundancy payments only if you have been in full-time work for two years, or in part-time work for five.

But many employers offer an ex-gratia payment. As long as your total redundancy pay does not exceed £30,000 and is not made as part of your conditions of service, it is tax-free. Anything over £30,000 will be taxed under the pay-as-you-earn system which can mean top-rate tax of 40 per cent on the excess. It can therefore be to your advantage, particularly if you are over 50, to ask your employer to make part of the payment into your pension scheme.

Hill Martin's Smith says this has to be done before you leave and Harold Roberts, of Towry Law, a financial adviser which has produced a free guide to redundancy*, warns that care must be taken not to exceed Inland Revenue limits.

Remember that you are likely to be entitled to a tax rebate for the year in which you were made redundant, since you will be taxed on the assumption that you were working for the full tax year.

If, however, your termination date is near the end of the tax year, Smith suggests asking your employer if it could fall into the next one. Your income for the new financial year is likely to be lower than the previous year, so you could be taxed at the lower rate on any excess over £30,000.

Smith also says that if you have ever worked overseas for your employer, extra tax exemption could apply. You should seek professional advice in this complicated area.

You might be asked to accept pay in lieu of notice, which would have the added benefit of being tax-free. But Woolf warns that if you have redundancy insurance, it might not pay out until the termination date. The same is usually true of state benefits.

Make sure your employer pays for holiday entitlements which you have not taken, and ask him to allow you to go for job interviews during paid hours.

Look at the perks which the company gives you and see if any can be extended. Life assurance and medical insurance cease when you leave employment, but Roberts says some employers may be prepared to maintain policies for up to six months after redundancy.

Smith advises asking if the company carries a continuation option without requiring a further health check. Try to see if you can continue medical expenses insurance at a discount and without having to declare existing health defects.

"Trying to keep hold of the company car could be more difficult because of its insurance. "Many companies provide the company car for the period of notice or provide a hire car at their expense," said Roberts.

Some employers will pay for financial counselling and outplacement services but, if not, ask for it. Finally, get your employer to put your redundancy terms down on paper.

■ Once you leave

Unemployment benefit: If you have been a well-paid professional, you will probably feel uncomfortable signing on but, as long as you have paid the required National Insurance contributions and are seeking work actively, it is yours by right.

One advantage – even if the present rate of £43.10 a week for those under 65, plus £25.55 for adult dependents, is not too attractive – is that NICs will be credited to you automatically, so you will not lose your state retirement entitlement.

Roger Taylor, of the Consumers' Association, warns not to expect unemployment benefit immediately.

"Your entitlement will be affected by statutory redundancy payments, wages due, holiday pay, refund of pension scheme contributions, and payments due from your employer before you were made redundant," he says. "Any payments above and beyond these are treated as payments in lieu. Work out how many weeks' pay this is equivalent to. You will not be able to claim unemployment benefit until this time is up."

Claims cannot usually be backdated, which is another reason for signing on as soon as possible. The benefit lasts for one year. If you have health problems, Smith advises signing on for sickness benefit instead, since it is non-taxable and payable as long as you are ill.

You might qualify for income support to help with mortgage interest payments, ground rent and other housing costs if your total capital is less than £8,000 (including capital held abroad). But if you have been made redundant recently, you will probably have too much capital.

"If you dispose of the capital, you will not be entitled to benefit if the DSS considers you deliberately got rid of the capital to qualify for income support," says Taylor. "Paying off your mortgage might also count as getting rid of capital."

You should also tell your local authority, as you could be entitled to a lower community charge. Roberts says that if your children are in higher education, the local authority grant will be reviewed.

Finally, if you have a mortgage, contact your building society and your bank manager to let them know what has happened. "Many building societies have special schemes to help the unemployed and the same applies to your bank," says Roberts.

* *Redundancy: Coping and Bouncing Back*, by Jenny Woolf, Piccadilly Press, £6.99; *Redundancy and Personal Finances*, Towry Law, 57 High Street, Windsor, Berkshire, SL4 1LX, free.

The Department of Employment runs a free help-line on statutory redundancy payments: 0800-848 489.

■ *Next week: Money management.*

Data boost for small investors

PRIVATE investors who want to make their own share selections often face one big problem: lack of information. While institutional investors are deluged with reports from brokers, individuals must make do with what they can glean from newspapers and specialist magazines.

This week, Sharelink attempted to fill the gap by launching a range of products aimed at informing the small shareholder. Clients can choose from a number of services, including:

■ **Buy/Sell Guide.** This will show the consensus recommendations of analysts on 650 companies. Companies are rated on a scale of 1-9, with 9 ranking as a strong buy and 1 as a strong sell. The cost of each report is £2.95; it is available weekly.

■ **Company reports.** These give 12 pages of information on a company, including financial ratios, performance record and analysts' forecasts. The cost is £4.95 per company (more than 600 are available).

■ **Performance summary.** Details for 650 companies of price, high and low for the year, price-earnings ratio and gross yield (which are in the FT every day), plus NAV per share, gearing, and performance details. This costs £4.95 and is available weekly.

■ **Telephone service.** For a subscription of £30 a year, investors can get access to the latest consensus buy/sell recommendations of brokers.

All of this information is useful, although some is available elsewhere: the *Investor's Chronicle* gives details of brokers' recommendations while financial information on companies can be obtained from their annual reports, which most will send free. (A special *FT* scheme, detailed on our London Share Service pages, gives access to reports from 340 companies via a phone call.)

But what makes the Sharelink service so attractive is that such a wide range of information is available at a low price. If you are willing to invest £5,000 in a company, it seems worthwhile spending £4.95 to get as much information as you can before you take the plunge. Those who want more information or want to order a plan can call Sharelink (from Monday) on 021-200 4600.

Alternative services may have more details but are more expensive. The Estimate Directory, published by Edinburgh Financial Publishing (which produces our table of directors' dealings), shows the individual forecasts of leading brokers for each company.

It is much bulkier than Sharelink's service, weighing in at 500 pages, but information on more than 1,000 companies is available. These reports are £35 individually, while quarterly reports are £105 a year (if paid by direct debit) and monthly reports are £350. Further details from Edinburgh Financial Publishing, 1 Rothesay Terrace, Edinburgh EH3 7UP, or call 031-220 0468.

A different kind of service, aimed at those investors who are frequent traders, was launched this week by FT Cityline and Hutchison Paging. The FT Cityline pager is a bleeper service which allows the investor to keep track of his portfolio.

Investors can state pre-established limits for share prices on companies which they hold; if the share price breaches those limits, the bleeper will sound within a minute and a telephone number will be displayed. The investor can then ring to get more details.

The 24-hour service costs £159.99 for the first year and £99 subsequently. Calls to the FT Cityline cost 48p per minute (36p off peak). For further information, ring 0800-282826.

Philip Coggan

FINANCE AND THE FAMILY

Revenue's stand hits varsity BES issues

THE INLAND Revenue does not like business expansion scheme companies which invest in university accommodation. As reported last week, its reaction to the Johnson Fry companies which bought accommodation for University College, London, suggests it is getting tougher as the BES nears its scheduled demise.

The Revenue has interpreted the BES legislation in such a way that tax relief would be denied, according to Johnson Fry's chairman, Charles Fry. But this decision is not final and talks continue.

Johnson Fry argues that the decision to make a summer letting, which caused the problem, was not the responsibility of the BES companies but of UCL, and that the legislation refers only to matters under the control of the BES company. It will pay the costs of any legal action, but it is worth noting that sponsors do not guarantee that BES relief is available – although they do undertake to act for investors in trying to ensure that it is.

The main lesson of the affair, according to John Spiers of BESt Investment, is to avoid schemes where money is raised before the Revenue has granted provisional approval. Whatever the Revenue's final decision, it has succeeded in cutting back on university BES issues – Ian Pugh of Allenbridge says three have been cancelled in the past week.

Meanwhile, BES companies proliferate. The following list, provided by Allenbridge, shows only those with a contracted exit:

■ Airways III offers a £1.17 buy-back price after five years for every £1 invested now. Buy-back comes from the Airways Housing Association.

■ *A Priori Growth*, sponsored by Neill Clerk, will buy repossessions for the Britannia building society. Non-recourse loans are available for 74p per £1 invested after six months, 78.31p after one year, 87.71p after two years and 98.24p after three. There is no guarantee after 5 years.

■ **Barratt Fixed Growth fund**, sponsored by Capital for Companies and underwritten by Lloyds Bank, has a five-year buy-back of 115p.

■ **BESSA Bristol & West**, sponsored by Close Brothers, buys repossessions for Bristol & West building society. Non-recourse loans of 74p after six months are available, with a repayment of 105p per share after five years.

■ **BESSA Cambridge**, sponsored by Close Brothers and underwritten by Barclays, will buy accommodation for Newnham College, Cambridge. Six-month loans of 75p, and a five-year buy-back price of 110.6p per £1, are available.

■ **Bulldog Premium Growth**, sponsored by Charterhouse Tilney, will buy accommodation for Bellway Homes. Non-recourse loans of 75p per £1 are available from Barclays. Buy-back after five years is 112p per £1.

■ **Govett Asset Builder IV** will buy housing for Sanctuary Housing. Five-year buy-back is 115p.

■ **Homeshare**, sponsored by National Westminster and Hambros banks, will buy houses from NatWest. Six-month loans of 74p, and a five-year buy-back of £1.08, are available.

■ **Homes for Littlehampton**, sponsored by Matrix-Securities, has a 5-year buy-back of 117p.

■ **House The Homeless V** buys accommodation for the Peabody Trust. 5-year buy-back is 115p.

■ **The Leeds Permanent Flexible Options Growth scheme, the Portman Multiple Choice Growth scheme and the Second N&P Multiple Choice Growth scheme** are sponsored by Johnson Fry and offer the same deal as A Priori. Portman is available now, the rest from Tuesday.

John Authers

Bonuses cut again

WITH-PROFITS pay-outs were cut again this week as four more life companies announced bonuses for the year, writes **John Authers**. Ten-year pay-outs were cut substantially, while 25-year maturity values – the term most often used for endowment mortgages – were less affected, reflecting the higher proportionate impact which the last few years of mediocre investment performance have had on shorter term policies.

Pay-outs include two elements added on to a guaranteed "sum assured" – reversionary bonuses, added each year, and terminal bonuses, added only when the policy matures. Reversionary bonuses tend to reflect anticipated future returns and have largely withstood cuts thus far, but the pattern for terminal bonuses is more mixed.

AXA Equity & Law, which announced a cut in reversionary bonuses in January, has now altered terminal bonuses. Depending on when the policy was started, some terminal bonuses have decreased slightly and others have increased. Assuming monthly premiums of £30 were paid on an endowment policy started by a 29-year-old man, ten-year pay-outs are cut by 7.3 per cent from £7,263 to £6,732, while 25-year maturities fall by 2.6 per cent from £62,426 to £60,777.

Eagle Star Life made greater cuts, of 12.7 per cent from £6,896 to £6,019 for ten-year pay-outs, and of 2.7 per cent from £61,910 to £60,188 for 25-year pay-outs. Not all these cuts were because of bonus reductions. In 1983, Eagle Star raised the premiums needed to cover the guaranteed sum assured, which accounts for part of the ten-year pay-out adjustment. Equitable Life cut ten-year endowment pay-outs by 7.6 per cent from £7,811 to £7,217, and 25-year pay-outs from £53,444 to £53,067. Sun Life cut ten-year pay-outs by 8 per cent from £7,029 to £6,467; 25-year pay-outs remained unchanged at £47,575.

The Week Ahead

HEADLINE pre-tax profits from BTR, the industrial conglomerate, should have increased from £917m in 1991 to comfortably exceed £1bn last year, although about £50m will come from profits on disposals.

Analysts at Thursday's meeting will be interested in what benefits have come from the integration of Hawker Siddeley, taken over for £1.55bn at the end of 1991, and current trading conditions in the US.

BAT Industries, the tobacco and financial services group, is expected to report annual pre-tax profits of more than £1.55bn, up from £1.05bn, on Wednesday. Interest will centre on whether recent strong growth in cigarette sales can be maintained, and how Eagle Star is recovering from the heavy losses it has incurred on mortgage indemnity policies.

The new management team at Hillsdown, which reports 1992 results on Tuesday, is expected to take the opportunity to clear the decks with restructuring provisions below the line and goodwill write-offs in the balance sheet expected to total around £150m.

However, it is not thought likely to adopt FRS 3 for these figures, and pre-tax profits are forecast at around £155m compared to £186.8m in 1991. The promise of a maintained dividend, though, gives a yield over 7 per cent.

Full year results from RTZ, the world's largest mining company, due on Thursday were foreshadowed last month when the group said there would be an exceptional charge of £52m, compared to a £74m charge in 1991. RTZ plans to adopt FRS 3. Net income, the line RTZ prefers to focus on, is expected to rise from £308m to around £330m, after interim net income was up from £154m to £158m. A maintained final is likely.

On Wednesday, Cadbury Schweppes is expected to announce pre-tax profits of about £325m for the full year, up from £316.4m last time. Trading profits in Britain and the US are thought to have finished the year on a strong note, though group results will be checked by a £14m exceptional charge for restructuring at the UK chocolate business.

TI, the specialist engineering group, is expected to produce pre-tax profits of about £109m, up from £105.2m, and earnings of 18p, when it reports results for 1992 on Thursday. The company has underperformed since last year's acquisition of Dowty which has suffered from the deterioration in sentiment in the aerospace industry.

Both GKN and T&N, the motor components groups, saw profits bounce back in the first half of last year as they reaped the benefits of cost-cutting and overseas investment.

While full-year increases – to be announced on Wednesday – are expected to top 30 per cent in both cases, questions will be raised about the state of the German car market. As a counterweight, the news should be good on US demand.

GKN is expected to report £125m, compared with £95m, while the consensus for T & N is £65m, against £49m. The former's dividend should be roughly covered, but T & N's will not be yet again.

The betting is that T & N will nevertheless hold the payment. Apart from loyalty to shareholders who have stumped up for four rights issues since 1987, it is likely to place some more shares to help pay for its latest acquisition, in Germany.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Brabant	56	42	39	9.31	Aberdeen Pet.
Buckingham	2¾*	4½	4½	3.31	Purlieus
Clifford Foods	573*	578	523	12.81	Unigate
Do. A.	251*	256	219	35.99	Unigate
Drayton Asia	121	115½	113	121.61	EFM Dragon
Evode ‡	139	138	106	101.11	Laporte
Do. Prf. ‡	121	121	101	49.2	Laporte
Hunter Saphir ‡	42*	43	36†	10.37	Albert Fisher
Owners Abroad	144	143	109	214.56	Airtours
Do. Cnv. Prf.	103	242	179	53.6	Airtours
Plaion Int'l	27	27	20	2.88	Willis
Wheway	9½	9½	7½	13.28	McLeod Russel

*All cash offer. ††Cash alternative. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 5/3/93. §§Shares and cash. †Price at suspension.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Abbeycrest	Misc	Thursday	1.2	2.0	1.2
Associated British Ports	Tran	Thursday	3.1	4.9	3.25
BAT Industries	Misc	Wednesday	11.6	11.2	14.8
BBA Group	Mtrs	Tuesday	2.25	5.25	2.25
BTR	OtFn	Thursday	7.5	9.0	7.75
Blagden Industries	PP&P	Thursday	4.5	5.0	4.5
British Polythene	PP&P	Monday	3.0	6.0	3.5
British Vita	Chem	Monday	3.45	3.6	3.5
Cadbury Schweppes	FdMa	Wednesday	3.2	9.3	3.3
Calderburn	Misc	Monday	2.8	4.9	2.8
Candover Inv	InTr	Monday	3.5	8.0	3.75
Christies Int'l	Misc	Thursday	2.3	1.0	0.5
Church & Co	Strs	Thursday	3.0	9.5	3.0
Claremont Garments	Tex	Friday	-	3.5	3.3
Clarke (T)	Elec	Thursday	1.26	5.29	1.26
Clondalkin Group	PP&P	Monday	-	-	-
Cookson Group	Otln	Wednesday	3.0	3.0	3.0
Doeflex	Chem	Monday	1.32	2.7	1.8
EFT Group	OtFn	Thursday	0.33	0.77	0.4
Eldos	Elec	Wednesday	-	-	-
English & Scottish Inv	InTr	Thursday	1.0	1.25	0.5
Enterprise Oil	O&G	Thursday	6.5	9.25	6.5
Fairey Group	Eng	Monday	3.0	6.0	3.3
Fleming Mercantile Inv Tst	InTr	Tuesday	1.6	1.9	1.67
Foreign & Colonial Inv Tst	InTr	Thursday	1.07	2.12	1.12
Forward Technology	Elec	Friday	-	-	-
GKN	Mtrs	Wednesday	8.0	12.5	8.0
Gardner (DC)	Bus	Thursday	-	-	-
Glynwed International	M&MF	Tuesday	4.15	7.5	4.15
Govett & Co	OthF	Monday	-	-	-
Grahams Rintoul Inv Tst	InTr	Tuesday	-	0.25	-
Greggs	FdRt	Monday	4.75	9.37	5.0
Heywood Williams	BdMa	Friday	4.5	8.0	4.5
Hillsdown Holdings	FdMa	Tuesday	2.2	6.6	2.2
ISA International	Elec	Friday	0.414	0.951	0.482
Instrum Justitia	OthF	Monday	0.8	1.6	1.0
Jones (A) & Sons	n/a	Thursday	-	-	-
Kerry Group	FdMa	Tuesday	0.75	1.4	0.79
Kleinwort Smaller Co Inv	InTr	Wednesday	2.0	2.6	2.0
Kode Int'l	Elec	Thursday	1.0	3.0	1.5
Manders (Holdings)	BdMa	Thursday	2.0	5.0	2.6
Medeva	H&H	Wednesday	0.5	1.0	0.75
Merchants Tst	InTr	Monday	2.5	2.5	2.65
Northern Engineering Inds	n/a	Thursday	-	-	-
North Midland Construction	C&C	Tuesday	0.5	0.5	0.3
Pentland Group	Misc	Thursday	0.94	1.31	1.04
Perkins Foods	FdMa	Monday	1.7	2.6	1.7
Persimmon	C&C	Monday	2.8	5.8	2.8
RPS Group	Misc	Monday	1.4	0.6	1.0
RTZ	Mine	Thursday	6.0	13.5	6.0
Readymix	C&C	Monday	0.55	2.2	0.55
Refuge Group	InLf	Thursday	9.0	20.0	9.6
Rolls Royce	EnAr	Thursday	2.55	4.7	2.35
Rosebys	Strs	Wednesday	-	-	0.9
Saatchi & Saatchi	Med	Tuesday	-	-	-
Sanderson Murray & Elder	Mtrs	Thursday	3.0	7.0	0.6
Singer & Friedlander	MeBk	Tuesday	1.0	1.5	1.0
Smith & Nephew	H&H	Thursday	1.75	2.69	1.8
Standard Chartered	Bank	Wednesday	7.0	13.0	7.0
Strong & Fisher	Misc	Tuesday	-	1.0	-
T&N	Mtrs	Wednesday	3.6	7.25	3.8
TI Group	Eng	Thursday	7.0	13.5	3.7
Transport Development Group	Tran	Monday	3.0	6.5	3.0
USDC Inv Tst	InTr	Monday	1.0	3.25	1.25
Vickers	Eng	Wednesday	3.7	2.3	0.5
Victaulic	Eng	Friday	4.7	10.0	2.5
Wates City of London Props	Prop	Tuesday	0.77	2.96	0.77
Willis Corroon	InBk	Wednesday	3.3	9.9	3.3
Wyevale Garden Centres	Strs	Monday	2.48	1.24	2.48
INTERIM DIVIDENDS					
Ben Bailey Construction	C&C	Thursday	0.3	0.25	-
Bolton Group	Prop	Friday	-	-	-
British Bio Technology	H&H	Monday‡	-	-	-
Cornwell Parker	Misc	Monday	1.7	4.0	-
Creston	C&C	Thursday	-	-	-
Domestic & General	InCp	Monday	6.0	12.0	-
Everest Foods	FdMa	Wednesday	2.2	4.8	-
Fidelity Accumulating	OthF	Wednesday	-	-	-
Haggas (John)	Tex	Wednesday	1.0	2.0	-
High-Point	Prop	Monday	1.3	-	-
Int'l Inv Tst of Jersey	InTr	Tuesday	-	-	-
Kleinwort Development Fund	InTr	Monday	2.75	7.75	-
Lloyds Chemists	Strs	Thursday	1.55	4.0	-
Logica	Elec	Thursday	1.15	2.5	-
MR Data Management	n/a	Monday	-	-	-
Mucklow (A & J)	Prop	Wednesday	2.82	3.1	-
Pict Petroleum	O&G	Tuesday	-	-	-
Sirdar	Tex	Thursday	1.65	3.5	-
Union Square	Prop	Tuesday	-	-	-
Walker (Thomas)	O&G	Friday	0.18	0.4	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. ‡ = 3rd quarter figures.
Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
ASW Holdings	M&MF	Dec	10,800 L	(2,300)	-	(-)	6.0	(9.0)
Abbey National	Bank	Dec	564,000	(618,000)	-	(-)	11.5	(10.5)
Alexanders Holdings	Mtrs	Sept	998 L	(405)	-	(0.65)	-	(1.0)
Allied Irish Banks	Bank	Dec©	171,600‡	(185,800)	-	(-)	8.0	(8.25)
BICC	Elec	Dec	77,000	(81,000)	6.6	(10.3)	19.25	(19.25)
BWD Securities	OtFn	Nov	1,740	(2,070)	6.4	(7.6)	3.2	(3.0)
Baillie Gifford Shin	InTr	Jan‡	135 L	(107 L)	-	(-)	-	(-)
Barclays	Bank	Dec	242,000 L	(533,000)	-	(15.2)	15.15	(21.15)
Billam (J)	M&MF	Dec	479	(306)	20.1	(13.3)	5.0	(4.26)
Bilston & Battersea	Misc	Dec	222 L	(120)	-	(2.0)	-	(-)
Boddington	B&D	Jan	26,300	(20,300)	16.2	(12.5)	7.3	(6.6)
Brabant Resources	O&G	Dec	366	(4,800 L)	2.26	(-)	-	(-)
Braime (TF & JH)	M&MF	Dec	583	(668)	26.69	(30.22)	8.75	(8.75)
Brent Chemicals	Chem	Dec	11,500	(5,240)	10.0	(2.90)	7.4	(7.34)
Burnfield	Elec	Dec	2,700	(1,200)	6.5	(4.8)	5.75	(5.75)
CRH	BdMa	Dec©	57,600	(62,600)	16.0	(17.5)	6.75	(6.45)
Courtaulds Textiles	Tex	Dec	39,100	(20,700)	30.1	(11.2)	13.6	(13.0)
Cowie (T.)	Mtrs	Dec	24,300	(18,200)	13.4	(11.2)	6.25	(3.375)
Ferry Pickering	PP&P	Dec§§	1,530	(2,260)	9.77	(12.68)	7.5	(5.5)
Fisons	H&H	Dec	123,600	(162,600)	13.9	(17.4)	8.7	(8.7)
French Property Tst	InTr	Dec	356	(255)	0.96	(0.53)	2.3	(-)
General Accident	InCm	Dec	29,300 L	(171,600L)	-	(-)	26.75	(26.75)
Grafton Group	BdMa	Dec©	3,870	(3,550)	18.6	(17.1)	6.5	(
Greenwich Comms	Med	Aug	58 L	(768 L)	-	(-)	-	(-)
Grosvenor Development	InTr	Dec	272	(287)	5.61	(5.24)	1.0	(0.95)
Guardian Royal Exch	InCm	Dec	3,000	(210,000L)	0.3	(-)	7.0	(7.0)
Hambro Countrywide	Prop	Dec	3,140 L	(6,480 L)	-	(-)	0.05	(0.05)
Harrington Kilbride	Med	Dec	1,870	(1,270)	11.8	(10.2)	4.5	(-)
Hotspur Inv	InTr	Dec	72	(76)	8.8	(9.11)	6.6	(6.6)
Inoco	Prop	Dec	4,310 L	(6,820 L)	-	(-)	-	(-)
Instem	Elec	Dec	575	(1,010)	8.5	(15.2)	3.1	(3.0)
Inv Tst of Guernsey	InTr	Dec	1,650#	(1,540#)	2.16	(2.06)	2.2	(2.04)
Kalon	BdMa	Dec	10,600	(9,220)	5.17	(5.28)	3.2	(2.2)
Ladbroke Group	H&L	Dec	5,200	(146,300)	-	(9.91)	11.15	(11.15)
Life Sciences	H&H	Dec	20,600	(18,500)	9.1	(8.6)	3.55	(3.35)
Lilleshall	BdMa	Dec	3,100	(2,400)	9.8	(8.5)	4.25	(4.0)
MTL Instruments	Elec	Dec	3,720	(4,810)	13.3	(16.6)	3.6	(3.4)
Mallett	Strs	Dec	519	(1,120)	2.52	(5.96)	2.0	(4.5)
Merlin Int'l Green	InTr	Dec	857	(1,200)	2.36	(3.3)	2.1	(3.15)
Merret Hldgs	n/a	Sep	839	(3,210)	2.78	(10.25)	-	(-)
Metal Bulletin	Med	Dec	1,910	(1,700)	13.8	(12.5)	8.0	(7.4)
Midland Bank	Bank	Dec	178	(36)	9.6	(-)	-	(-)
North of England	n/a	Dec	16,700	(15,400)	-	(-)	-	(-)
Pacer Systems	Elec	Dec♦	531	(1,140)	6.0	(-)	6.5	(6.5)
Pentos	Strs	Dec	4,000	(15,200)	2.6	(9.1)	1.5	(2.75)
Radius	Elec	Nov	1,230	(365)	2.9	(0.8)	2.7	(2.7)
Sema	Elec	Dec	19,500	(14,000)	13.2	(11.0)	2.8	(2.6)
Serco	ScSr	Dec	7,210	(5,250)	37.0	(30.2)	14.0	(11.9)
Stat-Plus	PP&P	Dec	3,610	(4,810)	11.3	(15.0)	8.0	(7.125)
Sumit	InTr	Dec	187	(157)	2.2	(1.4)	1.4	(1.25)
TR High Income Tst	InTr	Dec	1,900	(1,760)	5.8	(6.21)	6.0	(6.0)
Trans World Comms	Med	Dec	1,130	(1,830 L)	3.1	(-)	(0.8)	(-)
Unidare	Elec	Dec©	5,430	(5,090)	33.04	(28.33)	15.7	(15.0)
Vivat Hldgs	Tex	Dec	3,000	(678 L)	3.9	(-)	1.0	(-)
Williams Hldgs	OtIM	Dec	161,300	(133,200)	19.1	(15.2)	12.5	(12.35)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Arcadian Int'l	Prop	Oct	302 L	(592 L)	-	(-)
BBB Design	Med	Oct	165 L	(189 L)	-	(-)
Broadgate Inv Tst	InTr	Jan	83,000	(-)	-	(-)
CountyGlen	Prop	Oct©	170 L	(153 L)	-	(-)
de Morgan Group	Prop	Oct	131	(814)	-	(-)
Fleming Emerging	InTr	Dec	79	(735)	-	(-)
Galliford	C&C	Dec	327	(2,080)	0.5	(0.95)
Gartmore American	InTr	Dec‡	1,470	(1,590)	1.0♠	(1.0♠)
Gartmore Value	InTr	Oct‡	1,450	(1,820)	0.95♠	(0.95♠)
Gent (SR)	Tex	Dec	988	(672)	0.75	(0.75)
Goodwin	M&MF	Oct	81	(232)	-	(-)
Hays	BsSr	Dec	29,100	(n/a)	1.7	(1.5)
IMC Industries	Misc	Oct	202	(301)	-	(-)
Intereurope Tech	PP&P	Dec	542	(614)	2.0	(2.0)
Isotron	Misc	Dec	1,440	(1,280)	1.51	(1.37)
Linx Printing	Elec	Dec	763	(746)	3.7	(3.9)
NFC	Tran	Dec●	19,500	(17,700)	1.35	(1.3)
Norex	Tran	Dec	28,100	(2,260)	-	(-)
Paramount	B&D	Nov	261	(256)	-	(-)
Pilco	Elec	Oct	1,030	(577)	3.5	(3.5)
Raine Inds	C&C	Dec	2,800	(n/a)	2.0	(2.0)
Renshaw	Otln	Dec	3,070	(4,180)	2.5	(2.5)
Savage Group	Misc	Dec	1,040	(680)	0.25	(-)
SEET	Tex	Oct	65 L	(455 L)	-	(-)
Sinclair (Wm)	Misc	Dec	1,390	(n/a)	1.7	(1.7)
Tor Inv Tst	InTr	Jan	593#	(579#)	10.0†	(-)
Waterman Partners	Misc	Dec	56	(235 L)	0.5	(0.5)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † 2nd interim dividend. # Net revenue. ‡ Net loss/profit. ♠ 3rd interim dividend. ‡ Figures for nine months. ● 1st quarter figures. © Figures quoted in Irish pounds & pence. ♦ figures quoted in dollars & cents. §§ Figures for 16 months.

RIGHTS ISSUES

Berkeley Group is to raise £44.1m via a rights issue of 1 - 4 @ 295p.
Bilston & Battersea Enamels is to raise £750,000 via a issue of 1 - 1 @ 20p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

David Lloyd Leisure is to raise £59m via an issue of 39.36m shares at 150p.
Holliday Chemical Holdings is to raise about £70m via a stock market floatation.
Yorkshire Foods is to raise £15m via a placing of 13.64m shares at 110p.

FINANCE AND THE FAMILY

Trustees must face ICI portfolio headache

An important decision looms following ICI's demerger plan, says ***Caroline Garnham***

TRUSTEES with ICI shares in their portfolio should meet well before June to decide what to do with them if they are to avoid possible action for breach of trust. The problem stems from a case decided by the Privy Council in 1930 which says that a company which is not in liquidation cannot make a "capital" distribution to its shareholders except as a step in an authorised reduction of capital.

The planned demerger of ICI in June is neither a liquidation nor an authorised reduction of capital. It will be effected by ICI declaring a huge dividend out of distributable profits, which it will satisfy by allocating shares in Zeneca Limited. These shares will then, because of the Privy Council case, be treated as "income" in the hands of the trustees.

The majority of trusts in the UK – apart from accumulation and maintenance trusts set up for children under the age of 25 – do not give their controllers power to accumulate income because the tax regime on them is prejudicial. The trustees must, therefore, pay income to the beneficiary – known as the the life tenant – as it arises.

So, if the trustees add the Zeneca shares to their portfolio, they will be depriving the life tenant – for example, a widow – of her "income" and will be in breach of trust. (If they add the shares with the life tenant's consent, the trustees may not be sued – but the life tenant will have created a new settlement of these shares which could have unexpected tax consequences and create administrative headaches).

The alternative is to distribute the Zeneca shares to the life tenant. This also could land the trustees in trouble.

Without a specific instruction in the trust deed, trustees have a common-law obligation to make investments so that the life tenant gets a "reasonable" income while, at the same time, preserving the capital for those entitled to it after the life tenant's death. They also have a statutory obligation to take into account the circumstances of the beneficiaries when making, changing or retaining investments.

Therefore, if the trust portfolio were diminished substantially because the trustees had paid out the Zeneca shares to the life tenant, the remainderman might be able to sue the trustees for breach of their common law and statutory obligations.

Representations have been flooding in to the Lord Chancellor's office for trust law change

It is also a moot point as to whether demergers such as the ICI split would be treated by the courts as an exception to the 1930 Privy Council case, in which event all trustees who distributed the Zeneca shares would be in breach of trust because they would have distributed capital.

There are also tax problems with distributing the Zeneca shares. The life tenant, although he might not be liable to income tax on them, might have to pay capital gains tax on the entire proceeds when he came to sell the shares and would not be entitled to any future indexation because the Inland Revenue believed the base of the shares would be nil.

The position is somewhat more straightforward for trustees of children's accumulation and maintenance trusts or discretionary trusts where there is power to accumulate the income. In these cases, the trustees should add the Zeneca shares to the existing trust portfolio and will suffer no adverse tax consequences. But not all discretionary trusts have power to accumulate the income, in which case the Zeneca shares must be distributed and the nightmare reappears – but worse.

The tax position of trusts where there is no life tenant (discretionary trusts) is very different. On the distribution of the Zeneca shares from a discretionary trust, their value must be grossed-up to pay tax at 35 per cent. In addition, the trustees will have to pay CGT on any gain made on the shares – unless an election is made to hold over the chargeable gain until the beneficiary disposes of them.

The discretionary beneficiary might be pleased to receive his windfall distribution, but he will not thank his trustees for the tax charges.

So, what should the beleaguered trustee do, assuming he does not wish to incur the expense of going to the court for direction? Even selling the shares is not without its problems.

First, he must sell before the dividend is declared and the demerger occurs or it will be too late. Second, the sale could result in an unwanted CGT charge in the trust. But if he sells, and provided he sells in time, at least he should be protected from claims by his beneficiaries.

Representations have been flooding in to the Lord Chancellor's office for a change in trust law. Despite the urgency and seriousness of the problems, however, there does not seem to be any prospect of action before the ICI split in June.

■ *Caroline Garnham is a tax and trusts lawyer for the City firm of Simmons & Simmons.*

Plastic card fraud total tops £165m

CRIMINALS spent £165m last year through the fraudulent use of plastic cards – the equivalent of a £5 loss every second. Banks and building societies pick up most of the bill, with a card-holder's liability restricted to £50 maximum, unless the bank or society can prove that the owner was responsible for the loss.

Announcing the figure this week, Richard Allen, chief executive of the Association of Payment Clearing Services, said the loss was "totally unacceptable". However, for the first time, the rise in plastic card fraud has at least been contained. Losses were £60m in 1989, £122m the following year and £165.6m in 1991.

The fraudulent use of credit and cheque guarantee cards has been taking place against a background of rapid growth in plastic card transactions. There were 400m of these in 1985 and this is forecast to rise to 4bn a year by 2000. There are 80m plastic cards in circulation in the UK.

Apacs, which oversees money transmission in the UK, attributes the containment of fraud losses to the launch of its Card Watch campaign last year.

This included making the delivery of cards more secure. Apacs estimates that one quarter of fraud losses in 1991 were because of the diversion or interception of the card with the consequent fraud losses peaking at £3m a month in the spring of 1991.

The introduction of registered post, courier services and delivery through branch networks has brought this figure down to an average of £2m a month lost through non-receipt of cards. Nearly 40 per cent of cards are now delivered through means other than the post.

This year the Card Watch campaign is targeting a number of groups to try and raise awareness of plastic card crime. Women are thought to be particularly vulnerable because they keep cards in handbags which can be snatched by criminals or are left hanging temptingly on the back of a seat.

Motorists are another target. Apacs estimates that 18 per cent of fraudulently used cards are taken from cars. Many plastic cards also go missing from offices. People can be lured into a false sense of security in the office and tend to leave possessions unguarded.

Finally, young people are being targeted so that they "understand the concept of plastic, its value, its use and the implications of its misuse," according to Apacs.

Card issuers are also spending £500m as part of a three year anti-fraud investment in new technology to fight crime. This includes testing cardholder identification techniques such as photographs, finger-scanning and digitised signatures.

Scheherazade Daneshkhu

How green is a green fund?

SOME OF continental Europe's "green" investment funds which make environmental or ethical claims could lose the confidence of investors because of poor definitions and a low level of supporting research, according to a survey* published this week.

Many of the "green" funds identified in the study did not have clear research methodologies and only a few could explain how stocks were selected. Furthermore, a number of funds depended upon the advice of brokers or financiers, rather than social or environmental scientists, as to whether a company was "green" or "ethical".

Of the 25 ethical or green funds in continental Europe which claimed either to avoid companies with interests in defence, tobacco or alcohol, or claimed only to invest in companies with a sound environmental record, just 12 stated that they employed additional research to investigate companies.

The remainder of the funds were unable to provide systems for rigorously substantiating the green or ethical claims made in their criteria.

The survey said unclear definitions and research input perhaps explained the inclusion of companies which do not feature in green funds in the UK and the US, such as GEC, the UK electronics company, Sandoz, the Swiss drug company, Rhône-Poulenc, the French chemicals company, British Petroleum and RTZ, the UK mining group.

The survey said that across Europe, including the UK, there are now more than 70 ethical or green products for investors to choose from, amounting to about £734m under management. The UK-based funds account for around £400m or 54.5 per cent of the total investment, followed by Luxembourg with £79.3m or 10.8 per cent, France with £75.3m or 10.3 per cent and Sweden with £59.4m or 8.1 per cent.

The survey noted that the Luxembourg-based funds included so-called *Sicav* funds, which are managed from other European countries.

The survey identified Shanks & McEwan, the waste management company, as the most popular stock with UK green funds. Générale des Eaux, the construction, water and waste management group, was the most popular with French green funds, and in Germany, GEA, the air purification and process engineering company, came out on top.

**Survey of Ethical and Environmental Funds in Continental Europe is published by the Merlin Research Unit, part of the Jupiter Tyndall Group, Knightsbridge House, 197, Knightsbridge, London SW7 1RB. Cost: £50 (plus £5 for postage and package overseas).*

Antonia Sharpe

FINANCE AND THE FAMILY

Service with a smile

***Michael Bishop** on the advantages of private company tax vehicles*

THE ROLE of the service company has been spotlighted this week by news stories about director-general John Birt's employment status at the BBC. Such companies are common and, although the recent debate has centred on tax advantages, it is important to realise that many do have a commercial purpose.

Take, for example, a computer consultant or a sound mixer in the entertainment industry. He or she may have several different clients for whom they work at different times of the year. It is often convenient for the consultant to set up a company to service those clients rather than work through a clumsy series of employment contracts.

Assuming that the service company does have commercial substance, and is recognised as such by the Revenue, then there will be tax advantages. The most important is probably the cash flow advantage which comes from being taxed under Schedule D, rather than having to submit to PAYE on salary, and the more generous rules relating to expenses which apply to companies.

In addition, careful planning may mean a more significant tax deferral. Corporate tax rates at between 25 per cent and 33 per cent are significantly lower than the 40 per cent marginal rate of income tax. This means that if the service company does not pay all its income as salary to the consultant, the income left in the company will be taxed at a relatively low rate.

BBC director-general John Birt: employment status questioned

Remember, though, that this is only a deferral. Normally, the consultant will have to pay income tax when cash is finally extracted. This could prove expensive if marginal income tax rates increase, so thought is needed.

The use of a service company also has some national insurance advantages. National insurance will have to be accounted for on the salary paid to the consultant by the service company, but will not apply to fees paid to the company by the client. Again, if the service company does not pass on all its income to the consultant – or pays some out by way of dividend – there will be a saving.

If the cap on an employee's national insurance contributions is raised, or eliminated in this month's Budget, the savings will be even more attractive.

There is, however, a downside. Setting up a service company involves extra work. It will usually be necessary to comply with Companies Acts rules, to charge VAT and to maintain PAYE and national insurance records. The consultant will not be entitled to the employee benefits provided by his clients, so he will have to make his own arrangements about a pension and a car.

There may even, in some cases, be tax disadvantages. For instance, a consultant will not be eligible to participate in approved employee share option schemes and may miss a significant opportunity to make money.

The concept of the service company needs to be treated cautiously. In the right business and right circumstances, it can mean important tax advantages. The Inland Revenue is aware of this and will examine each company carefully.

These are complicated but, broadly, the Revenue checks that a service company has commercial substance and that it is a proper business which carries a commercial risk. If your activities are likely to pass the Revenue test, then it may be worth considering the use of a service company. If they are not, then it is probably safer to settle for a straightforward employment contract.

■ *Michael Bishop is Head of Personal Tax at Price Waterhouse*

Mortgage protection blow

*Halifax gets tough on policies, reports **Scheherazade Daneshkhu***

MORE THAN 180,000 borrowers from the Halifax building society are being told that their mortgage protection insurance is to be more expensive and poorer value from April.

This insurance is taken out by homebuyers to cover the cost of their monthly payments if they cannot meet them because of unemployment, accident or sickness.

Halifax borrowers will see annual premiums on Mortgage Payment Protector rise from £6 to £6.90 for every £100 of monthly benefit, while unemployment cover is being halved from 24 to 12 months.

Some people, however, will face a rise from £5 to £6.90. Their policies pre-date Halifax's change of insurer to Financial Insurance Group and do not allow for a change to their terms and conditions.

Halifax is getting round the problem by cancelling these policies and offering the new one instead. It says those affected are "a relatively small proportion of the total."

The waiting period before the plan pays out remains unchanged at 30 days and those who claim accident and sickness cover will still be protected for 24 months.

Borrowers do not have much choice. If they do not accept the premium increase, the policy will lapse.

Halifax is the latest lender to make changes to its mortgage protection cover because increasing unemployment has caused a big rise in claims. In January, Abbey National announced it was raising premiums on its Paymentcare – underwritten by General Accident – from £6 to £6.95 for every £100 of benefit.

It said the period of cover remained unchanged at one year for unemployment and three years for accident and sickness claims. The waiting period is three months.

Bradford & Bingley is in talks with its insurer, Eagle Star, over its mortgage protection policy, which is held by 30 per cent of borrowers. "We will have to increase the rate because of the claims situation," said a spokesman, who expected the rise to take effect mid-year. Bradford's existing policy costs £6 per £100 of cover for 12 months and the waiting period is 45 days.

Mortgage protection insurance is rapidly becoming the kind of cover which is there when it is not needed and absent when it is. Usually, the policy is offered only to new borrowers or those taking out a home improvement loan. The assumption is that people would not take out a large loan if they thought they might lose their job.

Many people who become unemployed qualify for state income support to help with mortgage interest payments. These cover half the payments for the first 16 weeks – without having to wait for up to 12 weeks, as many lenders demand – and the full amount after that. But those who have taken out their own mortgage protection insurance are not eligible for the state benefit.

FINANCE AND THE FAMILY

Diary of a Private Investor/**Kevin Goldstein-Jackson**

Possible pearls that hide within shells

THE STOCK market recently reminded me of conditions in 1986: share prices moving upwards, even of companies which are really "rubbish"; an increasing number of rights issues from companies large and small; private investors rushing to buy "penny" shares; and greater interest being shown in small companies which can possibly be used as shells for the injection of new activities. Even some of the names are the same.

Take Downiebrae Holdings which, in February, saw its shares shoot up 22p in one day on news that Robert Newman had acquired a 22.99 per cent stake. Newman was reported as saying that Downiebrae was "the perfect vehicle for acquisitions" as it had £4.7m of cash, two properties, and two northern-based engineering businesses. He planned to use the company to expand into engineering or other fields.

In 1986, Newman was one of several investors who acquired a 29.9 per cent shareholding in another small "shell" company, Times Veneer. He became an executive director and Times Veneer changed its name to Era Group, embarking on acquisitions that included Lexterten and A.S. Royston (furniture companies); Richard Kohnstam (models, games and toys and owner of the Beatties toy shop chain); and Shadow GB (owner of the Tecno and Fox Talbot camera retailers).

I did very well from Times Veneer, having bought shares on May 12 and 13 1986 for 17.5p and 18p respectively. I took quick profits when I sold some for 24p on May 23, then more at 55p in September 1986 and disposed of most of the rest for 163p in September 1987.

This was quite good timing, as the shares were hit by the October 1987 crash. I was lucky to spot Times Veneer as a potential shell before Newman and his colleagues moved into it. Unfortunately, although I had been following Downiebrae since June last year, I had not bought shares in it and so missed the recent leap in price.

What attracted me to Downiebrae initially was a report in the June 26 1992 issue of the *Investors Chronicle*. This revealed that the company's share price was only 28p, yet its net asset value was 35p; and although its market capitalisation was only £4.9m, it then had net cash of £4.42m.

I thought Downiebrae would make an ideal shell but did not buy shares in it since, at that time, I was concerned that a number of my holdings in other companies, bought on "shell" or takeover hopes, had not seen any action.

Another sign of shell activity in February was the report that Multitrust, controlled by financier Andrew Perloff, was interested in acquiring a large shareholding in Radiant Metal Finishing, another company I have followed because I regarded it, too, as an ideal shell. I have bought and sold shares in Radiant, and made reasonable profits, several times. I missed out on Radiant's initial rise in February after news of Perloff's interest was published, but I have now acquired a small holding for my personal pension scheme.

Ideally, this year will continue to be good for shell companies. I hope it will follow the pattern of 1986 when Charles Gordon (plus Charles and Maurice Saatchi) bought a large stake in N.M.C. Investments, a company chaired by D.C. Marshall. I spotted N.M.C., a small packaging company, as a potential shell in September 1982 when I bought shares for 12.5p. Until the move by Gordon in 1986 the shares had been rather lack-lustre. But he and his colleagues transformed and expanded the company and I sold my stake for 205p in 1987.

My hope is that some entrepreneurs now will show interest in two other companies chaired by D.C. Marshall, London Finance & Investment Group, and Burlington Group. Both would make ideal shells: they have modest market capitalisations and could be steered easily in many directions and expanded rapidly.

My personal pension scheme has been in and out of London Finance over the years, investing each time in the hope of a takeover and selling when nothing happened. It continues to retain a small holding. London Finance, with a share price of 18p, has a market capitalisation of only £4.5m.

Burlington Group would be even better. Its shares are around 17¼p but its market capitalisation is only £2.66m and the bulk of its assets are fixed-interest investments, gilt-edged stock and cash.

Experience shows, however, that caution is needed when looking at "penny" shares and shell companies. It might take years (if ever) before an entrepreneur spots the potential. Dealing costs on lowly-priced shares can be considerable. In 1992, stock exchange figures showed the average spread – the difference between the buying price and selling price – on "less liquid" stocks ranged from 12.22 per cent in May that year to 14.35 per cent in August.

Some penny shares have had even greater spreads. It is not unknown for brokers to offer shares in a company at, say, 12p to buyers but offer 8p to sellers. The share price, therefore, has to perform remarkably well for an investor just to break even. But including shares with shell appeal as a modest part of a portfolio does provide some added spice – especially for the patient.

Directors' Transactions

IN FEBRUARY last year, Peter Nicholson, a non-executive director of Crest Nicholson, the housebuilder, bought 100,000 shares at 30p. Since then the shares have proved volatile, but fellow non-executive director Geoffrey Fox reduced his holding recently by 100,000 shares, selling at a price of 51p. Crest Nicholson is forecast to return to profit in the year to end-October 1993; shares have outperformed the market by more than 60 per cent over the past three months. Keith Carnelley, chairman and chief executive of Polar, the electronic components group, has sold 450,000 shares at 126p. Michael George, his managing director, sold 50,000 shares at the same price. A third director then sold 70,000.

Colin Rogers,
Directus Ltd.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
ABI Leisure	Motr	36,000	30	4
AIM Group	EngA	7,678	12	1
Allied Leisure (NP)	H&L	4,131,999	83	5
Allied Textiles	Text	37,000	174	1*
Benson Group	EngG	96,000	24	1
Brandon Hire	C&C	350,000	77	1
Cater Allen	OthF	42,870	195	3*
Cosalt	Misc	17,500	30	1*
Courts Furnishers	Stor	3,470	14	1
Crest Nicholson	C&C	100,000	51	1
Ivory & Sime	OthF	25,000	33	1
Malaya Group	Motr	90,000	24	2
Polar Electronics	Elns	517,000	651	3
Royal Bank of Scot	Bank	187,500	440	1*
Securiguard Group	BuSe	250,000	500	1
Tepnel Diagnostics	Hlth	27,000	59	1
Vaux Group	Brew	12,000	27	1*
PURCHASES				
Berisford	FdMa	8,000	10	1
Citysite Estates	Prop	comb♠	94	2
Essex Furniture	Stor	10,000	11	2
Mercury Asset Man	OthF	10,000	43	1
Molyneux	Prop	125,000	36	1
Pegasus	Elns	100,000	157	1
RIT Capital Partnrs	InTr	135,000	157	1
Towles	n/a	14,030	29	1
West Trust	Text	1,550,000	63	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 22-26 February 1993. ♠A combination of 473,827 CCRAs, 3,960 CULS and 4,500 ordinary shares.
Source: Directus Ltd, Edinburgh

FINANCE AND THE FAMILY

Investment Trusts

When it pays to be bold

The gearing policy of Scottish Mortgage has proved profitable, says **Philip Coggan**

IN THE WORLD of investment trusts, names can mislead. Although Scottish Mortgage and Trust is based in Scotland, it has nothing to do with mortgages. Instead, it is one of the "big ten" international general trusts dealing in a range of equity and bond markets round the globe.

The name originated in 1909 when the trust was set up by a firm of lawyers – an offshoot of which became Baillie Gifford, the Edinburgh-based investment management group which runs Scottish Mortgage's portfolio. The aim was to buy fixed-interest securities issued by Far East plantations. But when it found there were not enough plantations of the right quality to back, it moved into other fields.

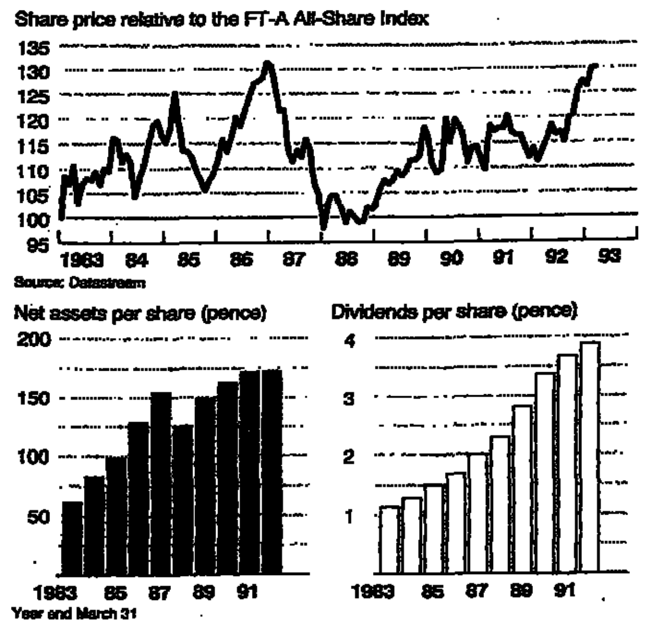
What sets Scottish Mortgage most apart from the other international trusts is its willingness to take relatively bold decisions over gearing – borrowing money to invest in shares and other instruments. Gearing makes sense in the long term, since shares outperform other investments; in the short term, it can require a strong nerve. When share prices fall, borrowings still have to be repaid at face value.

The high gearing policy made life difficult for the trust in 1987, as the graph shows. When the stock market plunged on Black Monday in October that year, Scottish Mortgage underperformed the FT All-Share index dramatically.

When markets are rising, however, the trust does disproportionately well: it was second in the international general sector over the year to March 1, with a gain of 32.1 per cent (mid-market to mid-market with net income re-invested). Over ten years, it was sixth (out of 17) in the sector, with a rise of 419.6 per cent.

The trust raised two stepped-interest debentures in the 1980s. One was timed brilliantly for the start of the bull market in 1982; the other, taken out in the summer of 1986, was less felicitous.

Scottish Mortgage and Trust



In 1987, Scottish Mortgage also arranged an $80m (£56.3m) multi-currency facility; that was replaced with a $75m facility in 1992. But, rather than invest in shares, the trust took advantage of the "positive yield curve" whereby returns on bonds are higher than short-term interest rates.

"We reached the view that the mid-1990s would be very favourable for bonds," says manager Maxwell Ward. "There is a near-absence of inflationary pressures. We perceived that short-term interest rates had already fallen in the US and Japan without pulling long rates down; we were also on the threshold of lower short-term rates in Europe."

So, on top of the other gearing, the trust raised a further $75m which it invested in US Treasury bonds. "We borrowed at 4.9 per cent in dollars and invested in Treasuries at 7.9 per cent," says Ward. A similar view has led the trust to invest £70m of its short-term borrowings in gilts.

As of December 31, 17.1 per cent of Scottish Mortgage's assets were in bonds and other liquid asset instruments. The rest were in UK equities (49.6 per cent), Europe (13.4 per cent), Pacific (10.7 per cent), America (6.9 per cent) and Japan (2.3 per cent).

Compared with the international indices, that leaves the trust underweight in both Japan and the US. Ward says he views both markets as valued quite fully and is very concerned about the technical position of the Tokyo market. But he sees Europe as good value because of falling interest rates, and feels the non-Japanese Far Eastern markets offer the best prospects for economic growth.

Because of personal equity plan requirements, the trust has to keep 50 per cent of its assets within the UK and European Community. In addition, a substantial UK holding is needed to pay the dividend (Scottish Mortgage has a commitment to maintain its dividend in real terms).

Baillie Gifford picks Scottish Mortgage's investments via a three-stage process. An investment policy committee decides on broad strategy and the investment manager then makes the detailed asset allocation. Finally, the individual stocks are picked by teams which focus on four areas: UK, continental Europe, the US and the Far East. The trusts's ten largest investments at December 31 were J. Sainsbury, Tomkins, Alacatel Alsthom, Shell, Bass, Hanson, Astra, Tesco, Societe Generale and Lloyds bank.

The trust likes to have relatively concentrated portfolios. Overall, it has 111 holdings, 50 in the UK. "If you like the stock, you should have a substantial holding," says the 43-year-old Ward, who joined Baillie Gifford in 1971, ran Scottish Mortgage's UK portfolio from 1981 and has been in overall charge since 1989.

Lewis Aaron, investment trust analyst at S.G. Warburg Securities, says: "Scottish Mortgage is a little light in North America for our liking, but it has delivered the goods and, at the current discount, looks attractive."

■ **Key facts.** On February 28, the trust's total assets were £1.042m. Net assets were £807m, equivalent to nav per share of 223.8p. On March 2, the share price of 193p put the shares on a discount of 14 per cent, according to NatWest Securities Ltd. The market capitalisation was £696m and the yield was 2.7 per cent. Baillie Gifford's fee is 0.045 per cent of net assets per quarter, plus 7.45 per cent a year of attributable earnings.

■ **Board.** This is entirely non-executive. Sir Michael Herries, the chairman since 1984, is a former chairman of the Royal Bank of Scotland. Other board members are Geoffrey Ball, chairman and chief executive of CALA; George Gwilt, a former managing director of Standard Life; Ian Irwin, chairman and chief executive of Scottish Transport Group; Fred Johnston, executive chairman of Johnston Press; Lord Sanderson of Bowden, chairman of the Conservative party in Scotland; and Jack Shaw, a deputy governor of the Bank of Scotland.

■ **Savings plan and Pep details.** The only charge on the savings scheme (apart from government stamp duty) is a £10-plus-VAT fee when investors want to sell shares. The minimum monthly investment is £30 and £250 for a lump sum.

The Pep has an initial charge of £30 plus VAT, and a half-yearly charge of £15 plus VAT. Dealing commissions are 0.2 per cent. The first two withdrawals in a tax year are free; subsequent withdrawals cost £10 plus VAT.

This wall will fall . . .

PART OF my property is overlooked by the back wall of a warehouse, about 20 ft high. This wall is beginning to lean at the top and will eventually fall on to my property.

I have spoken to the owners of the warehouse and asked them to have the wall repaired. I have also written to them and so has has my solicitor – to no avail. The council and environmental health department do not wish to know. I have even written to my insurers, who say they cannot do anything as the wall does not belong to me.

I am told I cannot repair the wall myself because I do not own it. What can I do?

■ Unfortunately, pre-emptive action on your part is not available. It was correct to write and put the owners of the wall on notice of the special danger should the wall collapse. Apart from writing again – this time, direct to the managing director or chairman of the company that owns the wall – there is no recourse so long as it is wholly within the neighbouring land.

If, however, the top of the wall is sufficiently out of true to be invading the air space above your side of the boundary line, you could seek an injunction in the county court based on the trespass and on the risk that serious damage will be caused in the future (a *quia timet* injunction).

A guide to CGT

I AM LOOKING for a suitable guide to capital gains tax. Can you recommend one?

■ If you need only simple information on a limited range of CGT rules, then ask your local tax office for the free catalogue of free pamphlets. Those in the CGT series which may interest you include CGT4 – Owner-Occupied houses; CGT13 – The indexation allowance for quoted shares; CGT14 – Capital gains tax: an introduction; CGT15 – Capital gains tax: a guide for married couples; CGT16 – Indexation allowance: disposals after 5 April 1988. If you want a brief but comprehensive guide, then, for £24.95, there is Tolley's Capital Gains Tax 1992-93 (ISBN 0 85459 668 2) published by Tolley Publishing Co. Ltd, 2 Addiscombe Road, Croydon, CR9 5AF (tel. 081-686 9141).

CGT is an intricate and arbitrary tax with scant regard for logic or equity, so any simple guide must inevitably over-simplify many aspects and skate round others.

Hedging options

I BOUGHT my detached bungalow in 1986. A few months later, a new owner bought the bungalow next door. Both were built about 20 years ago and the deeds specify that a party hedge shall separate them. The very first owner of the adjoining property planted a beech hedge along the approximate boundary line, and this was about 4 ft high in 1986. Since then, the new neighbour has allowed his side of it to grow to about 7 ft between the back gardens and 6 ft between those at the front.

What is the legal position about party hedge heights? Can I cut down my neighbour's half to the original height? Must I notify him of my intention?

■ Unless the title deeds specify a maximum height for the hedge, you cannot insist on your neighbour keeping his side of it to any particular height. It would be a trespass if you were to cut your neighbour's half.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Teachers' BS	Bullion Share	0800 378669	Instant	£500	7.00%◆	Yly
Britannia BS	Capital Trust	0538 398115	Postal	£10,000	7.30%	Yly
Teachers' BS	Minster 90	0800 378669	90 Day	£1,000	8.10%	Yly
City & Metropolitan BS	Super 90	081 464 0814	90 Day	£25,000	8.00%□	Mly
Cheltenham & Glos BS	Best 90	0800 272383	90 Day	£50,000	8.30%	Yly
Scarborough BS	Scarb' Ninety 3	0800 590578	90 Day	£50,000	8.35%	Yly
Newcastle BS	Nova Star VI	091 232 6676	1 Year	£5,000	8.25%	Yly
Chelsea BS	Premier VII	0800 272505	1.8.95	£10,000	9.25%☆	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	8.10%	Yly
Britannia BS		0538 399399	5 Year	£8,300	8.00%F	Yly
Manchester BS		061 834 9465	5 Year	£25	8.00%	Yly
Darlington BS		0325 457171	5 Year	£1	8.00%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.50%	Yly
Citibank	Money Market Plus	0800 555884	Instant	£2,000	5.75%	Mly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	6.60%	Yly
				£25,000	7.10%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	6.25%	Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£25,000	7.30%	Yly
				£50,000	8.00%	Yly
Bristol & West Intl Ltd	Intl Premier	0481 720609	6 Month♠	£5,000	6.55%	Yly
GUARANTEED INCOME BONDS (Net)						
General Portfolio FN		0279 462839	1 Year	£50,000	5.20%	Yly
Prosperity Life FN		0800 521546	2 Year	£25,000	5.55%	Yly
Consolidated Life FN		081 940 8343	3 Year	£2,000	6.00%	Yly
Financial Assurance FN		081 367 6000	4 Year	£20,000	6.30%	Yly
General Portfolio FN		0279 462839	5 Year	£50,000	6.80%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	6.25%	Yly
	Income Bonds		3 Month	£2,000	7.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% + Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N = Net Rate. B = Bond. ☆ = Rate fixed only until 1.7.93. □ = Rate guaranteed until 1.5.93. ♠ = After 6 month qualifying period. ◆ = Rate guaranteed until at least 1.4.93
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

FASHION

Comfort and joy: cashmere has it all wrapped up

The world's most luxurious textile is now great value, says ***Lucia van der Post***

CATCH MANY of the world's foremost designers off (and sometimes on) duty and what are they wearing? Well, take Giorgio Armani, for example. If it is winter, nine times out of ten you will find him in an absolutely plain, classic, navy-blue cashmere sweater.

Donna Karan will probably be sporting one of her own cashmere bodies (you know the sort of thing – steel grey or oatmeal, lean and simple and doing away with that *bête-noir* of the fashionably dressed, the "vpl" or visible panty line). Jean Muir is often to be found looking frail and elegant in her own cashmere line – navy-blue, of course.

Mary Wesley, the novelist, rates cashmere sweaters an essential part of her wardrobe and, for a lesson in how to sling cashmere artlessly round the shoulders, take a look at Miranda Richardson in the film *Damage*. Never mind the plot; take in Miranda Richardson's wardrobe if you really want to know how the well-heeled and well-born dress – all soft greys and oatmeals, understated and simple but effortlessly classy.

Cashmere is one of the all-time desirable fibres – the Rolls-Royce, if you like, of the fashion world – so it is not surprising that those with the wherewithal to buy it are so often to be found clad in it. The good news for the rest of us is that though cashmere will never be cheap, it is now more accessibly-priced than it has been for many years.

Those who bought cashmere in the high-spending 1980s will remember only too well how prices spiralled upwards. As the Chinese, who control Mongolia and thus the chief source of the highest-quality goat fibre, decentralised the market and flirted with a little uncontrolled free-enterprise, they got their fingers badly burnt. Mongolian goatherders began selling whatever fibres they could to whomever would pay most. So high-cost knitwear of variable quality began to hit world markets just as the recession began to bite, the Gulf War eroded confidence and tourists stopped being tourists.

Retailers who had become accustomed, rather like British house-owners, to thinking that their hoard of butter-soft cashmere was an asset that could only go up and up got a rude awakening when the public seemed to say, as one, "enough is enough" and the sweaters on the shelves started gathering dust.

Today, quality has again become controlled, the flow of imported sweaters of poor quality has lessened and best of all, prices are at least 20 per cent down on even a couple of years ago. The result is that in the chic shops in London's Burlington Arcade women's roll-neck sweaters today sell for about £142, whereas two years ago they cost £40 more. Classic Professor Higgins cardigans which used to cost £292 now sell for £63 less. And all through the cashmere world the story is repeated.

Good quality cashmere, according to Andrew McRobb, marketing director of Pringle of Scotland, is easily recognised. It should have a "slight lustre and a melt-in-the-hands feel. It should have a softness of touch all over. Too much material in the seams, particularly inside, can spoil the overall appeal. And there should be a smooth, not clumpy, finish on the neck. Desirable, too, is strengthening under the arms."

Few people dispute that Scottish cashmere is tops – the combination of selecting only the finest yarns, the water from the burns (used for washing and treating the yarn) and a design policy based on proper classics meant that for years their products sold in droves.

But hard times are famously effective for causing even the most solid of companies to rethink its strategy. These days many of the best Scottish companies have hired top designers to update their ranges. The result is cashmere used for such sassy numbers as long sarong skirts, skinny vests, sweat-pants, leggings and all the other essential components of the fashionable woman's wardrobes.

Names to look out for are Ballantyne (which hired Alastair Blair and Oscar de la Renta), Jean Muir (who has always loved cashmere and has her own designs made up in the Borders) and Belinda Robertson (if in Edinburgh visit her showroom at 22 Palmerston Place).

McGeorge, which is Dawson International's most luxurious label, produces some wonderfully desirable smoking jackets and heavy-ribbed cardigans for men. Another good label is TSE Cashmere, which has made a huge effort to upgrade and stabilise its quality and which manages to deliver cashmere at prices lower than anybody else. This it does by doing everything itself – from owning the goat farms in Northern China to combing and spinning the yarn, as well as manufacturing the finished product.

Part of the secret of its good prices is that it is not trying to do everything – it has a limited but fashionable range of designs and has pared colours down to the season's current fashionable shades, not pretending to offer the wide range that a company such as Pringle might stock.

Devra King is its resident designer and for spring she is combining cashmere and silk and, for summer, pure silk. Coming up soon is a range based on the currently hot notion of layering – pure silk "poor-boy" ribs are topped by cardigans and vests in various lengths, some cropped, some waist-length, some extra long. Look out for TSE's six-ply vest with a ribbed front (£155) and long mid-calf vests (£299) which can be worn over wide pants (£275). No longer just for the pearls and twinset brigade, cashmere these days is high fashion.

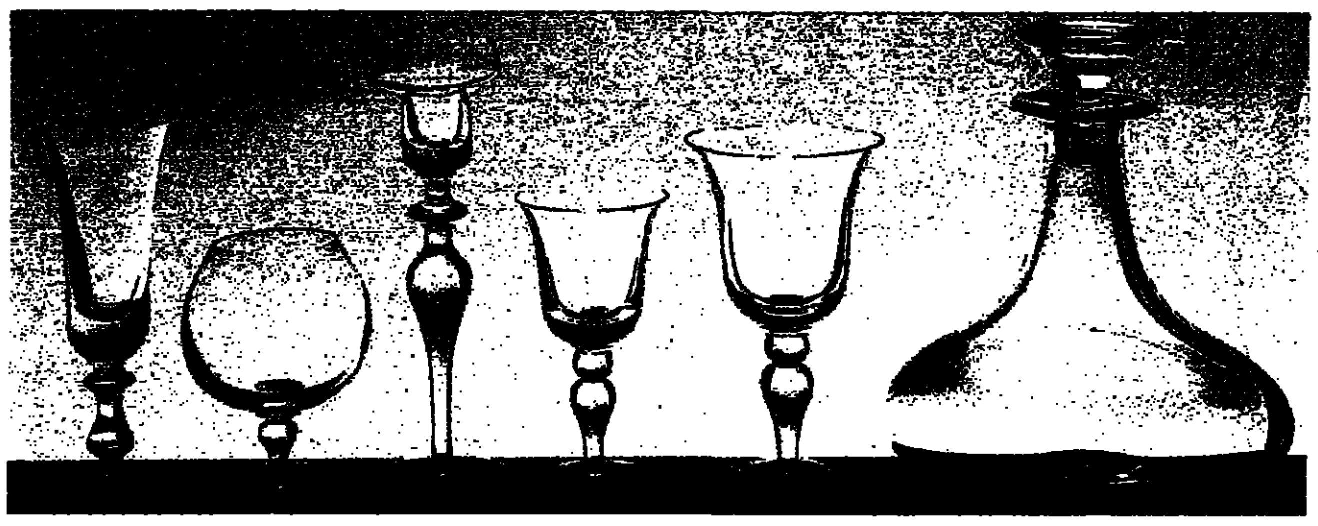
Harvey Nichols, of Knightsbridge, London SW1,has the most complete range of TSE cashmere but it can also be found in Harrods, Browns, Fortnum & Mason, Matches of Wimbledon, Coral of Belfast, Pollyanna of Barnsley and Andy Hanson of Ilkley, Yorkshire.

In the meantime, if you are not looking for high fashion but just want simple classics then Brora sells double cashmere jumpers and cardigans by mail order at excellent prices. Simple round neck sweaters for men and women in sizes ranging from 36 in to 50 in are just £99.50 each. They come in tartan green, navy blue, garnet red, black and burgundy.

Cardigans and polo necks for women, sizes 36 in to 44 in, are the same price same colours. For men, sizes range from 42 in to 50 in; the price is again the same. V-necked cardigans for men are £124, sizes 40 in to 50 in and come in navy, zephyr, burgundy and tartan green. Write or telephone Brora, 25 Parthenia Road, London SW6 (tel: 071-731-7672).

Mint green cardigan with golden buttons, sporting the Burberrys horse logo, £195, worn over a cashmere crewneck, £175. From Burberrys

Soft grey two-ply cashmere ribbed roll collar sweater by Lyle & Scott, £299. Also in oatmeal, black, damask. From Cashmere Stop, 4a Sloane Street, London SW1, and the Scotch House, 84-86 Regent Street, London W1



IN AN age dominated by mass-produced pieces Cumbria Crystal's hand-made full lead crystal stands out as much for the manner of manufacture as for quality of design. Though most designs are based on 18th and 19th century classical antique pieces, lending an air of antiquity, Cumbria Crystal evolved only in 1975, when five friends with an interest in antique glass started a company devoted to producing clear, uncut full lead crystal, using traditional techniques. The original designs, such as Ambleside, are to my mind the nicest – their air of gentle Englishness, of simple but not stark lines, make them desirable vessels for imbibing anything from Elderflower cordial to finest claret. Then there are hard-to-find shapes such as old-fashioned jelly glasses, capacious but clean-lined punch-bowls, decanters, and straight-sided tumblers. Although I prefer the simplest designs the shapes also come with decorative cutting, from the most elegant, Hellvellyn (a favourite of British embassies) to the most ornate, Grasmere (the best-seller). Find Cumbria Glass at Asprey's, Selfridges, Harrods, John Lewis and other quality stores. The Ambleside range, above, costs from £29 for wine goblets to £160 for the Captain's decanter. The factory shop at Lightburn Road, Ulverston, Cumbria (tel: 0229-54400) sells cheaper seconds.

LvdP

FOOD AND DRINK

Cookery / **Philippa Davenport**

Abstain and be merry at Lent

FEW PEOPLE now observe the once-common custom of abstaining from meat on weekdays in Lent. But the idea of eating less meat and more vegetables during this period is far from penitential, particularly if you seek out two of the best vegetables now in season: sea kale and chard.

Sea kale is native to the UK – arguably, the only vegetable that truly is British. The Victorians adored it and served it with great ceremony, for they regarded it as worthy of serving in its own right rather than an adjunct to meat.

They steamed sea kale whole, wrapped it in a damask napkin and laid it in a silver dish. It was eaten in the fingers with a melted butter sauce for dipping. Although sea kale can be used for gratins, soups and other dishes, this simple vegetable treatment probably remains the best way to enjoy it.

Because sea kale is grown in forcing pots, the blanched stalks are long and spindly, topped with embryonic, lilac-fringed leaves. It looks a little like celery but, happily, it lacks the tonsil-tangling strings that run through much celery on sale today.

The texture is crisp and juicy and the flavour is delicately nutty, with only a faint background note of brassica that harks back to the plant's wild seashore cabbage origins.

You will find sea kale on sale now at Waitrose and Sainsbury. About eight minutes' steaming is all it needs if young and tender.

Chard has not made it into the supermarkets yet, so far as I know, but specialist greengrocers stock it (or should, at least, get it to order from wholesale markets). Most of it is imported from France and Italy.

Chard is as big and bold as sea kale is pale and retiring. It is a handsome plant with dark green leaves and ivory ribs (although some varieties are ruby red). Basically, it is a sort of coarse-leafed spinach cultivated for the sake of its ribs.

I have bought some splendid examples during the past few weeks. Often, the leaves weigh well over half a pound each and they may measure more than 12in from tip to base, with ribs at least 4in wide.

Sometimes, chard is eaten in its entirety. It is, for example, the main ingredient of a traditional pie cooked at Easter in Genoa, although modern recipes tend to replace the chard with artichokes. And in Valtellina last year, I was introduced to a dish called pizzoccheri: buckwheat noodles with chard, cheese and potatoes – richly restorative food for cold-weather eating.

More often, however, the greenery and ribs of chard are cooked and served separately. The resilient greenery is used frequently to eke out meat in patés and in southern France there are local recipes in which chard greenery, meat and batter are combined – to my mind, with varying degrees of success. I prefer the partnership of greenery and batter alone: chard makes excellent fritters.

The ribs have a slightly smoky celery taste. They are succulent and

juicy, verging on watery. Like sea kale, they are wolfed down more than willingly by everyone I have met when sauced with such things as hollandaise; melted butter seasoned with anchovy, lemon and parsley; Parmesan butter; or butter with toasted and finely-chopped hazels with cumin.

Both chard and sea kale also make a fine feast when cut into short lengths and boiled or steamed briefly, then dressed with a tomato cream sauce, or covered with scalded and seasoned cream, scattered with slivers of St Paulin or Morbier cheese, and slipped into a hot oven for a few minutes until the cheese is molten.

CHARD WITH SAUCE AURORE
(serves 4)

Sea kale cut into short lengths and blanched can also be served this way.

Ingredients: 1 lb chard ribs; ½ lb tomatoes; 1 oz sun-dried tomatoes; ¼ pt stock; celery salt; a small bay leaf; a slice of onion; ¼ pt double cream; a little thyme and oregano; 1 tablespoon each softened butter and flour mashed together; 1 oz fresh bread crumbs fried in ¼ oz butter (optional).

Method: First make the sauce. Chop both fresh and dried tomatoes. Bring them to boiling point in the stock with a good pinch of celery salt, the bay and onion. Cover and simmer for five minutes then set aside for half an hour.

Discard the bay and onion. Rub the remaining contents of the pan through a sieve. Return the mixture to the pan. Stir in the cream and bring to scalding point, then work in the beurre manie gradually. Season with thyme, oregano, salt and pepper to taste and simmer briefly to give good consistency and flavour.

Strip the membrane and any stringy bits from the chard ribs, then cut the juicy flesh into chunks. Drop them in fast-boiling salted water and cook for about five minutes or until done to your liking. Drain very thoroughly. Dress with the sauce and scatter with hot fried crumbs for textural contrast. If serving this dish in tandem with the chard greenery made into fritters, the bread crumbs can be omitted.

CHARD FRITTERS
(serves 4-6)

The coarse, resilient leaves of spinach beet also can be used for this recipe. If you use proper tender-leafed spinach, you will need ½ lb of it.

Ingredients: ¼ lb chard greenery, washed and shredded; ¼ lb plain flour (all white or 50/50 wholemeal and white); 2 eggs beaten with a dribble of olive oil; 1 garlic clove, crushed with salt; nutmeg; ¼ pt semi-skimmed milk (or full cream milk and water mixed); olive or peanut oil for frying; freshly-grated Parmesan cheese for serving.

Method: Make a thick, creamy batter – by hand or using a food processor – with the flour, eggs and milk. Season with crushed garlic, plenty of nutmeg, pepper and sea salt. Stir in the greenery and set aside for at least an hour to marry the flavours. Stir again before use.

Heat oil in a frying pan to a depth of ¼ in. Add the batter in dollops, just a few at a time. Space them well apart and flatten them slightly with the back of a spoon. Cook over moderate heat until crisp and cooked through, flipping them over once.

Drain the green and gold fritters on a bed of crumpled kitchen paper and keep hot in the oven – uncovered, or they may turn soggy – while you cook the rest. Serve with Parmesan for adding at table.

*Why a varsity match gave **Jancis Robinson** that sinking feeling . . . And how **Nicholas Lander** ate and judged five lunches*

Before the fracas – hands on glasses, no conferring

Reds, whites and blues

OXBRIDGE rivalry is supposed to run deepest on the river Thames between Putney and Mortlake, isn't it? But this year's Boat Race can hardly be more acrimonious than the Oxford v Cambridge Wine Tasting Match held in London on Tuesday.

This, the 40th annual such blind tasting, had all the usual hallmarks of varsity confrontation: Cambridge accusing Oxford of weighting the boat with too many graduates; women in a minority; and a certain amount of exhibitionism. The cocktail was headily spiked, however, with a few distinctly 1990s ingredients: gratuitous legal wrangling, the strong whiff of hard-edged commercialism, and calculated yobbism.

The Cambridge captain, a law student currently choosing between offers of employment from four investment banks, was proud of the contract he had spent "hundreds of pounds worth of faxes and paper" drawing up between his team and the competition's sponsors, Pol Roger champagne.

"We're the first team to realise the commercial value of all this," he said proudly, nodding at his fellow competitors slurping Pol Roger wines around the celebratory lunch table at London's Oxford & Cambridge Club.

"Yeah," said his vice captain, an American who declared, not entirely coherently, that he could be as rude as he liked since next week he would be at Yale, "teaching scumbags European History".

This charming fellow, seated just two places away from the the event's organiser, Bill Gunn, the mild-mannered Master of Wine who represents Pol Roger in England, noisily (and erroneously) laid into the quality of the champagne being hosed into our glasses. The vice captain boasted that Cambridge had talked about offering the sponsorship deal to Bollinger, its preferred champagne house, and that it was only by agreeing to the lawyer captain's strict terms and conditions that Pol Roger had secured the privilege of laying on this competition and lunch.

With an eye to relatively extensive press coverage last year (helped enormously by *New York Times* wine writer Frank Prial's entirely coincidental presence in London SW1 that day), the Cambridge captain had decided to polish up the participants' image.

In order to present a less privileged and more "caring" image, he had insisted that Pol Roger changed the prize from champagne to a cheque for £1,000 for a charity of the winner's choice.

No, he had not actually thought about *which* charity, which was perhaps just as well since Cambridge lost, by 744 points to 855 (out of a possible 1,440), in spite of fielding one young Australian who dropped only 12 points out of a maximum of 120 in the white wine paper. The captain/business manager had clearly put more energy into the subclauses than into coaching his team. Younger Cambridge tasters talked wistfully of how much they could have learnt by tasting together and sharing impressions before the big day, a process assiduously encouraged at Oxford.

While Cambridge fielded the regulation stubble-wearer with *FT* folded ostentatiously into a Samuel Beckett paperback, Oxford's team was long on neatly dressed mathematicians and democracy (joint captains and a positive bias in favour of women).

The opposing captains nearly came to blows across the table when the question of graduate participation was broached. "But our graduates are relatively inexperienced tasters", was Oxford's defence of the maturity of its team.

Oh and the wines themselves? Forgive me, they seemed rather peripheral to the event. A New Zealand Sauvignon Blanc (1991 from Selaks) was spotted by almost everyone, even the judges – myself and Hugh Johnson – along with a full throttle Australian Chardonnay (1990 from Tim Knappstein) and a mature rioja, Viña Ardanza Reserva 1985.

Best wines there were probably Ch Léoville Las-Cases 1985 (Cambridge had contracted Pol Roger to lay on some smart wines) and Mascarello's Barbaresco Marcarini 1985 (£17.99 from Winecellars of London SW18).

The worst wine, by far, was an unexpectedly oxidised Meursault, Narvaux 1989 from Boyer-Martinot, which some participants loved. This did not surprise me one little bit.

JR

Learning at lunch

I KNOW that there are some people out there who, perhaps for commercial reasons, eat lunch out every day of the week. But I have never done so. When I was a restaurateur, lunch was one course at 3pm and now that I am a reviewer, I try to space out my pleasures.

That is until last week when I judged a new culinary competition, *Prix des Deux Cartes*, devised by wine importers Domaines, Drouhin & Associates. This challenges chefs and sommeliers to create a menu and choose four wines to match and enhance the food. There was a substantial reward for all who reached the necessary standard.

The five judges were: Michel Roux, of the Waterside Inn, Bray; Charles Metcalfe, wine writer; Bill Baker, wine merchant; Victor Ceserani, whose book *Practical Cooking* has sold 1.5m copies since 1962 and is the "bible" for any catering college student; and myself. We met in December to judge 70 written entries, without knowing their origins. Surprisingly, we eliminated all the London entries at this stage, including The Dorchester, The Inn on the Park and Les Saveurs.

The five finalists were: Burgh Island Hotel, South Devon (tel: 0548-810514); the Waterside Inn, Bray (0628-20691), although Roux neither knew it was being entered nor judged the meal; Lucknam Park, Wiltshire (0225-742777); One Devonshire Gardens, Glasgow (041-339-2001) and The Old Swan Hotel, Harrogate (0423-500055).

All five achieved high marks with various food and wine combinations. Burgh Island overcame the problem of having to prepare John Dory on a Monday by bringing the fish, landed on Sunday in Newlyn, Cornwall, to London by train.

The Scottish entrants drove eight hours in a hired van with their own cutlery, crockery and tartan ribbons for the napkins. They also brought their own ingredients: a 14lb wild salmon from Loch Lomond – delicious with a Joseph Drouhin Rully Blanc 1990 – and a saddle of one-year-old roe deer shot in Aberdeenshire and hung for 12 days.

The Waterside Inn executed a *cassolette* of scallops and langoustines memorable for the quality of the fish and the flavours of the vegetable *nage*. Lucknam Park dazzled with its *amuses-gueules* – chilled Helford oysters and scallops with a pepper confit – as well as its first course, tortellini of jerusalem artichokes with a truffle butter sauce.

The Old Swan's cooking was considerably enhanced by Mark Kirby, a young man who had joined the hotel three weeks earlier and been rapidly promoted because its sommelier had fallen ill.

But at the end of every meal, when the chef and sommelier joined us for coffee, I and the other judges felt disappointed. This was partly because only the team from Glasgow (its sommelier is called Johnnie Walker) had approached the competition scientifically and sat down to test the food and wines at one sitting.

The others tested haphazardly and made silly mistakes. The sommelier from Lucknam Park tried to "create a contrast" by matching a rich chocolate pudding with a rare vin de paille 1982 from Chapoutier. He succeeded only in creating what fellow judges Baker and Metcalfe described as "a disaster".

The Waterside Inn's team produced a savarin of pears and ginger that was overwhelmingly sweet for the late harvest Gewurztraminer 1990 from New Zealand. Only Burgh House found a good dessert and wine combination by serving a simple apple pastry with a delicious 1986 Sauternes Château Rieussec.

More seriously, although the first courses were excellent, in four out of the five meals the main courses and the wines chosen were just not well matched. Had I been a paying customer I might have felt more than disappointment.

These feelings were articulated by Victor Ceserani. He began with a compliment, then dished out the constructive criticism, based on 50 years in professional kitchens. Do not put shallots and chives in your *amuses-gueules* – leave the customers' palate clean for the first course; do not get carried away with the reduction of your stocks or they become too heavy; do not overdo the ratio of stuffing to meat, it should be 50:50; and, for two of the chefs, a warning against putting too much sauce underneath the main course.

The competition left five British chefs and sommeliers more aware of the potential and pitfalls of matching food and wine. Three teams, from the Waterside Inn, One Devonshire Gardens and Lucknam Park will learn more on the trips they have won to European vineyards. And, after a week, it has left five judges just a little bit plumper.

NL

Appetisers / **Jill James**

Those who would like an inexpensive holiday with simple food at reasonable cost can pencil in The Worms Head hotel, Rhossili, in south Wales, which is being refurbished by enterprising Welsh chef Colin Pressdee.

Pressdee, bouncy presenter of food and recipe ideas on BBC Radio Wales, is busy redecorating and menu planning. The hotel is open now but wait until Easter when the workmen will have departed.

Local seafood – try the gratin of laverbread and cockles – and home-cooked hams will more than satisfy the students and keen walkers whom Pressdee hopes to attract. With simple single rooms starting at £10 a night and ensuite doubles at £25 he should not have too much trouble filling the 24 bedrooms. Views are stunning. Tel: 0792-390512.

□ □ □

Welsh Food Fortnight continues next week with six top Welsh chefs showing some of London's restaurants their secrets. Franco Taruschio is cooking at Turners (071-584-6711), Peter Jackson at the Goring Hotel (071-396-9000), Stephen Bull at his own Bistro (071-490-1750), Chris Chown at Alastair Little (071-734-5183), Dominic Gilbert at Hilaire (071-584-8993) and Dai Davies at the House of Lords (presumably you need a friendly peer to sign you in).

HOW TO SPEND IT





Top. Anybody seen my Tiger Moth? Dark green chamois-lined softest leather helmet with matching goggles; also in black, brown, racing green, white and red. In small, medium, large or extra large. £75 for the helmet, £75 for the goggles, p&p, £5. Right. I'm just off to Henley; hop into my MG and I'll give you a whirl. Tweed in a multitude of variants, including your own if you happen to be amongst the grandest who have an estate tweed of your own. Lots of different sizes. £38, p&p £2.50.

Illustrations by Kim Dalziel

Top. Here's looking at you, kid: Chelsea-style felt Trilby, beloved of Eric Clapton and many others before and after. Made from fur felt trimmed with a grosgrain ribbon, it comes in a range of colours – brown, black, grey and navy – and a big range of sizes. £85. p&p, £5.
Right. And is there honey still for tea? Perfect for punting on the Cam, garden parties, summer weddings. Softest cream panama trimmed with paper fibre flowers. The straw can be dyed to order. One size but can be adjusted to fit several sizes. £70. Postage and packing £5.

Top left: Must dash...I'm fearfully late for lunch at the Caprice. Crunchy black straw hat with organza bow. This hat is made to order only so it can be ordered in any size. It also comes in red straw. £169. P&p £5.
Above right. I'm just off to catch the Trans-Siberian Express where I have a romantic rendezvous. Green velvet smoking cap which comes in any size, can be ordered in any other colour and can even be made up in any fabric of your choice. £50. P&p £5.
All hats available only from James Lock, 6 St. James's, London SW1

Tip the wink, hats are back

Stella Shamoon meets a hatter who sees brighter times ahead

HATS, according to Richard Stephenson, top hatter at James Lock in London's St James's, are back in fashion with the young – well, the younger, at least.

"The average age of our customers has dropped in the last ten years from the middle 50s to 60s to late 40s, and it is still falling," says Stephenson, who has spent almost 40 years in the family-controlled business. Lock, founded in 1676, has long been renowned as the supplier of essential headgear for riding, hunting, shooting and fishing to the likes of Prince Phillip and the landed gentry.

"We also now have more customers associated with young people: rock star Eric Clapton has been in twice – first for felt hats for himself, then back again with a friend for felt hats to send to the US. Paul McCartney is a fan, so is his wife Linda, and Ringo Starr is also a customer," says Stephenson

"Fashion in hats is cyclical. The generation whose fathers wore hats were the 1960s rebels who said 'If Dad wears one that's not for me, that's old hat' – if you'll pardon the pun.

Now there are few long-haired men around. Young men are conservative with a small c, rather dandyish, and like to dress formally and to wear the right thing – that's good for business."

Show business, too, is good for Lock's trade. Apart from the ageing Beatles' penchant for rabbit fur felt hats and fine tweeds with which to cover their greying mop-tops, films such as *Bugsy*, starring Warren Beatty, and other period epics – *Brideshead Revisited* and *Chariots of Fire* for example – inspired a cult in hats among younger men.

Lock has occupied the same period Grade II freehold site since 1764 and the shop has hardly altered since Lord Nelson drew up there in a carriage to buy the hat he was wearing when felled during the battle of Trafalgar. "We were upset that our shop was only Grade II until we discovered that Grade I was reserved for buildings such as Buckingham Palace and Blenheim."

Lock's traditional customer base is 95 per cent male and heavily weighted towards the county set and what Stephenson delicately dubs "the new gentry," embracing show business personalities and style-conscious foreigners – notably Milanese, New Yorkers and Parisians whose purchases of quintessentially English headgear accounts for 55 per cent of Lock's annual sales.

Turnover was £900,000 last year and Stephenson is targetting £1m this year. He is keeping profits under his hat, as it were, but makes no secret of the fact that in common with other West End purveyors of luxury goods, Lock's mark-up on cost is 100 per cent.

There are ten full time employees at the shop, including himself and the export director. The annual salary bill runs between £150,000 and £200,000, with advertising of £16,000 a year on top. The shop is worth up to £1m, with extra space to requirements rented out at some £14,000 a year. Meanwhile, the brand's value is inestimable.

The business is owned equally by the Stephensons and another family, the Macdonalds. There are two brothers from each family on the board together with the export director, Michael Sydney. So far none has made a fortune from Lock but it affords a decent, gentle living with the promise of riches one day, once the full potential of its brand is unlocked.

Stephenson has his eye on the women – and the military. There has been a conscious effort to attract more stylish women into the shop with "millinery" as opposed to essential headgear. Lock's sales to women are a big growth sector of the business.

There is no formal design team. Stephenson and Michael Sydney "do our bit in putting together new thoughts." The result is there have been more new styles in Lock's shop in the past five years than in the last 25.

Prices run at some £180 for ready-made felt hats – a custom-made one would hardly cost more at about £195 – to nearly £300 for a custom-made riding cap. Hand-made silk top hats are £225. Virtually all Lock's stock, which is made by trusted specialists to Lock's specification, is hand finished.

Meanwhile, there are constant requests for a "complete overhaul" of existing hats at £25 to £30 a time. If menswear is in the vanguard of recession, then hats come top in terms of non-essential purchases in most people's books. But, confides the jovial, cigar-puffing Stephenson: "Our export side has been doing well, particularly in Europe, even when the pound was stronger. We plan to build on that."

Stephenson's well-kept secret is a pretty young milliner called Rachel Trevor-Morgan who is Lock's tenant and happens to produce delectable, dressy little hand-made hats. Trevor-Morgan's confections are now displayed incongruously among Lock's tweedy sensible styles for women.

Trevor-Morgan, who has had her own business for two and a half years after training with Graham Smith and Phillip Somerville, says: "It is boom time for the hat industry. There are a lot more young designers coming into the business, which was greatly boosted by Princess Diana and the panache with which she wears her hats. Younger women are wearing hats – not just as grand occasion accessories, but for dramatic emphasis to their faces and outfits."

Trevor-Morgan's hottest number this season is the tall crowned riding hat (strictly NOT for riding in) at about £200. Her crunchy straws, raffia-like in texture, go for £220.

TRAVEL

The river roads of the rainforest

Boats are best when exploring parts of Malaysia, says ***Michael J Woods***

Feeding the orang-utans at Sepilok rehabilitation centre, in Sabah, Malaysia. Young orangs, possibly orphaned, are reintroduced to rainforest life

THE ANCIENT outboard motor revved loudly, thrashing at the surface of the turbulent water so that the long boat quickly lost way against the immutable force of the current. With great calm the steersman brought the stern almost against the steep bank where the water was dark and deep and the vegetation hung over the channel.

Ducking to avoid thick leaves and branches, he dipped the propeller into the river and turned on the power. Once more we surged forward over a shoal of stones and into the deeper pool above. Another obstacle had been overcome and we powered up the River Tembeling through the soaring trees of the Malaysian rainforest.

The Tembeling is the main route into Malaysia's largest national park, Taman Nagara, which means, simply, national park. Covering an area of 4,343 square kilometres of virgin rainforest 130m years old, the park is largely inaccessible except via rivers. The journey upstream from Kuala Tembeling to the park headquarters and the new Taman Nagara Resort at Kuala Tahan takes about three hours depending on the water level.

The long boats thrust powerfully upstream past small riverside settlements perched on the bank-tops high above the normal river level, for in the monsoon the river can rise by more than 70 metres, as the line on the wall at the park headquarters testifies.

I saw a graphic illustration of this rise and fall along one of the Tembeling's tributaries leading deep into the park. Jammed high above in the branches of a tree was a trunk probably 10m long and 1m across.

Taman Nagara Resort is incongruous in the remote and wild context of virgin rainforest. Its rooms, in individual and traditional Malay buildings, are comfortable, but the city hotel-style restaurant, 24-hour reception and banqueting hall are incompatible with a jungle setting.

I ate, instead, in the fairy-lit cafés set up on the river beach opposite, whistling for a boat to carry me across the black swirling waters and stumbling up the stony beach in the dark. One night I joined a group of forest guides and national park staff for a celebratory meal, clumsily balling rice with delicious pieces of river fish and spicy chicken direct from hand to mouth.

From the park headquarters a variety of trails led into the forest. Some are short with numbered points of interest, others are longer and take you to viewpoints or mineral licks. One of them is the route to the highest mountain on peninsular Malaysia, a seven-day trek. I chose a short route as a taster and plunged into the trees along a damp, narrow path.

The noise took me completely by surprise – a loud, endlessly repetitive backing of hums, buzzes, whines, drones and purrs enlivened, now and then, by rising and falling bells and whoops. It went on constantly, night and day, a cacophony of insects, frogs, occasional birds and even gibbons.

Somehow this barrage of sound, together with the occasional leech looping rapidly across the leaves of the forest floor at the slightest sniff of a meal, produced an atmosphere of malevolence.

The problem with the rainforest is that the action is many floors up in the penthouse while you are stuck in the dank basement. It is only along the corridors cut by the rivers and in clearings such as those carved out for villages and the park headquarters that wildlife becomes apparent.

Early one morning I fruitlessly searched the grounds of the new resort for some of the 20 bird species which the leaflet told me could commonly be seen there. I spotted just two, although one was the glorious southern pied hornbill, its beak adorned with a huge creamy casque. There were also long-tailed macaque monkeys, raiding the builders' houses for food, and several species of squirrel.

I spent one night in a hide overlooking a mineral lick. Here half-a-dozen of us kept vigil armed with powerful torches to flick on at the slightest sound of a visitor. We were alerted by a noise like munching cornflakes, and there in the spotlight was a bi-coloured animal, black at front and back with a broad white belt around its middle, a tapir.

Its early arrival promised well for the rest of the night but it was a promise not to be fulfilled. Although the tapir came and went several times, nothing else turned up.

An alternative is to visit the animals themselves, so the next day we crawled through a grubby cave in search of bats. There were two species, a large fruit-eating bat and a much smaller insectivorous horseshoe bat. Both were hanging in great numbers from the grey ceiling and festooning the rocky walls.

This was no place for the phobic. Along with the bats, a large toad sat darkly in the stream below while a white cave racer with a brilliant red tongue, a bat-eating snake, slid silently around the walls, insinuating its body into cracks and slithering from crevice to crevice.

The Malaysian jungle is home to one of the three species of great ape, the orang-utan, though I had to fly to the orang-utan rehabilitation centre at Sepilok, in the state of Sabah, to see these. Here young orangs, orphaned as infants or taken from the wild as pets, are re-introduced to life in the rainforest. A number of learning stages sees them wise enough to live freely in the forest, returning to a feeding area for supplementary rations of bananas and milk, a diet which is supposed to encourage them to forage for more interesting food out of sheer boredom. Even when there are no primates to be seen, Sepilok offers an ideal opportunity to appreciate the beauty and majesty of the rainforest.

■ **Travel information: Malaysia Tourism Promotion Board, 57 Trafalgar Square, London WC2N 5DU. Tel: 071-930-7932.**

■ **Aix-les-Bains: The author of last week's article was Stephen Court, not as attributed.**

Practical Traveller / **David Pilling**

An easy way to be a globetrotter

ONE SUSPECTS that Ferdinand Magellan would have been the first to hand over £693 for a round-the-world air ticket. The Portuguese explorer, whose bold foresight led to the first circumnavigation of the globe in 1521, paid a far higher price. Before he had completed his voyage, Magellan became embroiled in a dispute with rowdy islanders who relieved him of his life.

Modern-day adventurers have it far easier. For a modest £693, Trailfinders (tel: 071-938-3366) can send you circumnavigating via Hong Kong, Bangkok, Sydney, San Francisco and New Orleans.

Flights depart from five UK airports. Tickets, which must be booked by May, are open for one year.

According to STA (tel: 071-937-1733), there is no such thing as a standard round-the-world itinerary. Many people fly to Australia via south-east Asia, then across the Pacific to North America before returning to Europe. But one need not be tethered to such norms.

One could follow a similar route in the opposite direction, or call in on Africa or South America along the way. Travellers with time on their hands may elect to intersperse flights with overland sections, say Bangkok to Singapore or Perth to Sydney.

Here are two STA itineraries to give you some idea: London-Rio-Auckland-Sydney-Singapore-London (£989); or London-LA-Honolulu-Tonga-Samoa-Auckland-Sydney-Singapore-London (£836).

Even these are humdrum in the grand scheme of things. For little extra one can add on destinations such as Vietnam, the Gallapagos islands or Beijing. Even Mongolia and Madagascar are within reach.

Before booking, here are a few cautionary tips:

■ Decide how much time you have. Magellan's expedition took two years; yours should last at least a month, although a colleague of mine compressed five trans-global destinations into a confusing 11 days.

■ If your time is fairly limited, do not attempt too much. Your global experience could end up a saga of airport lounges and hurried city tours. Three or four days is a sensible minimum for each stop, enabling you to adapt to time changes.

■ Plan ahead. If you are stopping in Delhi, ask yourself why. Can you see the Taj Mahal in the 24 hours you have allotted for India? (You probably cannot, and certainly should not try.) Is Tahiti fearfully expensive? Is Lima safe? Can you find accommodation in Zanzibar? Is Easter Island nice at Easter?

■ Most people will find it best to book hotels in advance, avoiding the agony of spending jet-lagged hours in search of accommodation. You may well be able to arrange hotel discounts in conjunction with your ticket.

■ Multiple stopovers mean multiple visas and multiple headaches. Put in your applications in good time. Some embassies and consulates insist on keeping your passport for several days, though many now run an overnight service. Most travel agents can help with visas, or contact Visa Service (tel: 071-833-2709).

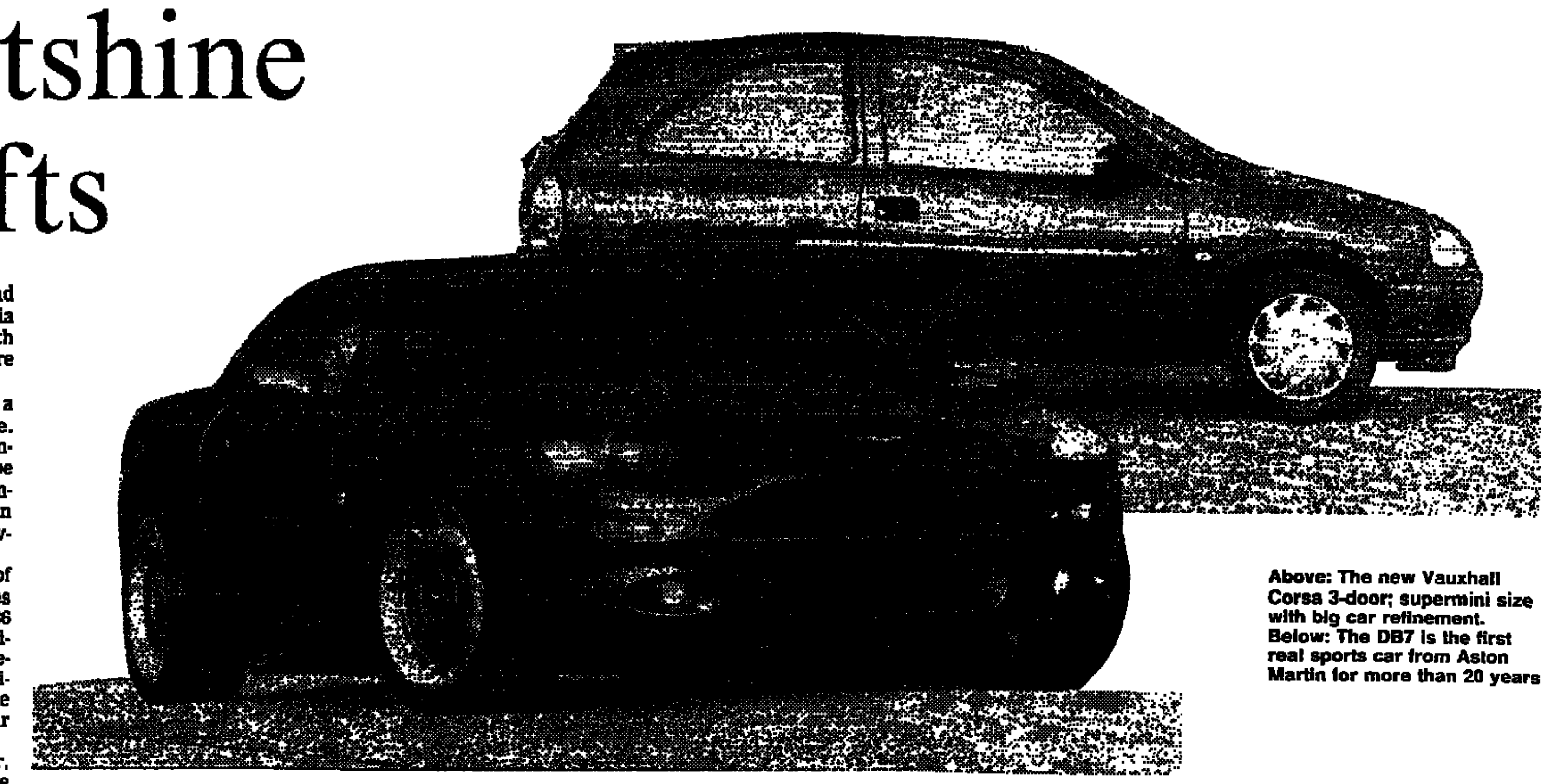
■ Take out travel insurance. Without it, a lost ticket usually means buying yourself a replacement. Watch out, too, that over-zealous check-in staff do not remove more than one ticket docket at a time. You could find yourself in Guangzhou airport explaining that the ticket stub for your next leg is in a dustbin at Singapore airport.

■ *Other agencies you might try are: Bridge the World (tel: 071-911-0900); Quest Worldwide (081-547-3322), and Travel Mood (071-258-0280). The latter offers around-the-world business class fares at below £2,000.*

MOTORING AND SPORT

Real stars do outshine those with facelifts

Geneva's talk of the town has stayed away, says ***Stuart Marshall***



Above: The new Vauxhall Corsa 3-door; supermini size with big car refinement. Below: The DB7 is the first real sports car from Aston Martin for more than 20 years

THERE are so many genuinely new models, as distinct from mature but facelifted ones, at Geneva's Salon International de l'Automobile this week that picking the star is a problem.

Is it Ford's Mondeo, Citroën's Xantia, Peugeot's 306 or the Opel Corsa? Or even a new and seductive Aston Martin DB7?

If money and sheer size were the only criteria, the star would be a one-off Rolls-Royce convertible that weighs in at 3.5 tonnes, measures 21 ft (6.3 metres) long and can be yours, squire, for just £2.1m. Yes, 2.1m pounds sterling, not dollars or marks, is the price of this over-egged monster with a front end like that of the late and unlamented 1975 Camargue two-door, arguably the worst car Rolls-Royce ever made.

If you fancy something a little nimbler, how about a V12, 500 hp, four-wheel driven Bugatti EB112 four-door which, with a top speed of about 200 mph (322 kph), is claimed to be the world's fastest saloon car? This is a joint effort between Bugatti Automobili and Italdesign.

It looks remarkably like the Kensington, a V12-engined Jaguar concept by Italdesign's Giorgetto Giugiaro. This car – a genuine runner, not a mock-up – caused a sensation at Geneva in 1990 but little has been heard of it since.

Is the £175,000 Bugatti a technological masterpiece or a hostage to fortune? It depends what role you see for the motor car in a future dominated by radar camera-enforced speed limits and concern for the environment.

Back in the real world, a probable star of the show would be the Mercedes-Benz C-class – if only it were there. This is the car that will succeed the 190, the best-selling model ever to wear the three-pointed star. The C-class had been expected to make a Geneva debut but, having issued pictures and some details a week or so ago, Mercedes-Benz seems to have felt there was no need to display the car at the salon.

It *will* be at the Frankfurt show in September, three months after going on sale in Germany and other left-hand drive markets. Britons will see it at *London's Motorfair* in October, by which time right-hand drive cars may be in British showrooms.

Citroën and Opel think differently from Mercedes-Benz. They, too, leaked information about the new Xantia and Corsa well before their media launches last month. Yet, both made their new cars the centre of their stands in Geneva.

Even so, the C-class is a major talking point there. Although only 1.5 in (4 cm) longer than the 190, it is said to be much roomier and more comfortable and to come with an air-bag as standard on the driver's side.

Buyers will have a choice of four multi-valve petrol engines (1.8-litre, 122 hp; two-litre, 136 hp; 2.2-litre, 150 hp; and 2.8-litre, 197 hp) and two new diesels (2.2-litre, 95 hp and 2.5-litre, 112 hp). These are the world's first diesels with four valves per cylinder.

Although the proof, as ever, will be in the driving, the C-class is likely to become the benchmark car in its category. That is what the 190 has been for the past 11 years, during which more than 2m have been sold, 72,000 of them in Britain.

The General Motors' Opel Corsa, which I drove in Spain last week, is an attractive small car – or, rather, two small cars. Because the three- and five-door versions look so different, it is hard to credit they share the same platforms, *power trains and suspensions.* When the 17-model Corsa range – which replaces the Nova – goes on sale in Britain this spring, there will be 1.2-litre, 1.4-litre and 1.6-litre petrol-engined versions and two 1.5-litre diesels, one of them turbocharged.

All Corsas bristle with safety and security items, like seat belts that tighten automatically in a crash and side-impact protection beams. Door deadlocks are available now; a driver's airbag will be by the year's end.

Of the four I drove, my favourite was the 1.4-litre, 82 hp GLS petrol model - but only by a very short head from the *67 hp TD turbo-diesel, which* has an exhaust catalyser to make it super-clean. They rode like big cars, not super-minis, on Andalucia's best and worst roads. And they proved - as has Nissan's Micra - that buyers of small, cheap cars can now enjoy the quietness and refinement once found only in large, expensive ones.

A 109 hp, 16-valve Corsa 1.6i was a rousing performer, smooth on the motorway, nimble on bends but a bit knobbly on granite setts.

These are early days to be talking about Car of the Year 1994, as votes will not be cast until late autumn. But it could well be a four-horse race *between Mondeo and Corsa,* Xantia and Mercedes-Benz C-Class. If so, my money probably will be on the Mondeo.

Apart from the three main Geneva debutantes (Mondeo, Corsa and Xantia), Peugeot is displaying its 309 replacement, the 306, first seen last month at Amsterdam Show. And Nissan's Spanish-built Terrano II, which also will be marketed by Ford as the Maverick, also makes its bow.

This recreational, on/off-road estate, with three or five doors, has selectable four-wheel drive and a 2.4-litre petrol or 2.7-litre turbo-diesel engine.

It will, no doubt, perform as capably as any of the present *generation of high-slung 4x4s* on the rare occasions it is taken seriously off-road. But Nissan's aim has been to produce a civilised alternative to a conventional, up-to-seven-seat family estate car, that will pull horse trailers and will not allow owners to look foolish by getting stuck in muddy car parks.

Both the Terrano II and its Ford Maverick clone enter Britain's burgeoning 4x4 market early in summer.

Aston Martin lifted the veil on the DB7, its first really new car in more than 20 years. In contrast to the two-ton, V8-engined, dinosaur Aston Martins, the DB7 is of the same bloodline as the DB6 that died in 1971, although entirely up to date. It looks a proper, hard-topped 2+2 sports coupé.

More importantly, massive pulling power from low revolutions promises easy driveability in traffic. With a five-speed manual gearbox or four-speed automatic, and standard air-conditioning, the DB7 will sell in Britain for under £80,000 from early 1994.

Before that, Ferrari's new 348 Spider, shown for the first time at Geneva, will be available for less than £80,000 to UK buyers this summer. A strictly two-seat car with a 3.4-litre, four-cam V8, it is motoring's forbidden fruit personified.

■ *The Salon International de l'Automobile is being held at Palexpo, adjoining Geneva airport, until March 14.*

Rugby / **John Hopkins**

Lion rampant v Lion passant

The top candidates to captain the tourists meet at Twickenham today

Hastings: thunders in from full back as often as he can

THERE IS much more at stake at Twickenham this afternoon than whether Scotland can beat England in the 100th Calcutta Cup match between them and win the Triple Crown of the Five Nations championship. The sub-text is this: which of the two captains, *Gavin Hastings of Scotland* and Will Carling of England, has the better game? The one who comes out on top is likely to be named captain of the British Lions when the party to tour New Zealand is announced later this month.

When the championship started in January, Carling was clear favourite. He had led England to victory in 24 of 31 matches. Under him, England had won two successive grand slams, were favourites to win a third, and had reached the final of the 1991 World Cup. Carling, just 27, seemed to have it all going for him.

Hastings, on the other hand, was the newly-appointed leader of Scotland following the retirement of David Sole. After 41 appearances for his country, during which he had scored 10 tries and nearly 400 points, his abilities as a player were not in doubt. But he was untested as an international captain.

How things change. England scraped home against France and then blew their grand slam chance by losing to Wales at Cardiff. Suddenly, doubts were raised about both the England team and Carling's suitability to lead the Lions.

While this was going on, Scotland and Hastings thumped Ireland, lost narrowly in Paris and then trounced Wales. Hastings, who missed five kicks out of six against France, landed five penalties against Wales.

Carling and Hastings are bachelors, dashing and fearsome men who play rugby as if to a script by John Buchan. Hastings thunders in from full back as often as he can, relish*ing the opportunity to throw* his 15-stone frame at the opposition. Carling is lighter on his feet (he weighs just over 14 stone), very fast over 20 metres and has the upper body strength of a wrestler.

Hastings, who is three years older and was first capped in 1986, one year before Carling, has captained almost every team he has played in – Watson's College, Cambridge University, London Scottish, the Barbarians. But, then, so has Carling – Sedbergh school, England Schools, Durham University.

When it comes to deciding the captaincy of the Lions, two voices will carry special weight. *The first is that of* Ian McGeechan, the Scottish coach who also will coach the tourists.

"Gavin is very confident and very secure and positive in what he is trying to do," says McGeechan. "Temperamentally, he is very sound. Because of his size, he is someone we can work off. He can join the line well but, most of all, he is good under the high ball. He has an outstanding reputation world-wide; and if there is one thing he has done well this season, it is to draw the new players in with the old players.

"I was pleased about that. I thought he was the right sort of person for the role of captain, but there were those who *said that he was not* very impressive as a club captain and, therefore, wondered why he should be made captain of his country.

"To my mind, captaining one's club and one's country are two very different jobs and I did not think you would know how he would respond until he was given the job. His performances this year have got progressively better."

Carling was first appointed captain when he was 22 and the youngest member of the England team. It is easy to imagine the shafts of scorn that were directed his way by some of the experienced forwards. Carling, after all, was a *fresh-faced squirt: public* school, middle-class, officer material and, to cap it all, a back, someone who did not get his knees dirty or soil his hands.

He had to win his spurs with some of the hard-nosed members of his team and Paul Ackford, the former England second-row forward, suggested as much when he said not so long ago: "Will is a good captain now." The implication was that, once, he was not. Carling's good looks, his success and his ability to generate money have unleashed the green-eyed monster in many.

You could say that Carling is too smooth by three-quarters. He has, however, a remarkable record. "He is the most suc*cessful captain in international* rugby," says Geoff Cooke, the England team chief who will manage the Lions.

Cooke was responsible for making Carling skipper in 1988, and has said it was one of the best decisions he ever made. But he admitted: "Eyebrows were raised at the time. He was a newcomer to the team but we were looking for continuity. We had lost several captains in quick succession and we wanted someone who would hold his place.

"Rob Andrew was one candidate. Dean Richards was another and perhaps Brian Moore as well. We looked at them all and came up with Will. He has to be able to handle the off-the-field stuff as well."

McGeechan and Cooke agree that a captain "must have credibility among the players" (to use McGeechan's phrase) – *something which has not* always been the case on Lions' tours. "You cannot earn respect as a captain unless you first of all have it as a captain," says Cooke.

So, will it be Carling or Hastings *for the Lions? The* choice is unenviable. The sole blessing is that, for once, British rugby has two such good players and captains from which to choose.

Carling: very fast over 20 metres

Soccer / **Peter Berlin**

A law unto themselves

'The balance of the game has tipped too far in favour of cynical defences'

SOCCER fans, officials, and even players and coaches agree that their game is not what it was. Yet every time Fifa, world soccer's governing body, tries to solve the problems by tweeking the laws, the response is outrage from those fans, officials, players and coaches. Fifa is ruining the good old game, they cry.

Its recent obsession with the laws dates from the 1990 World Cup finals. The competition is Fifa's pride and joy. In Italy, Argentina reached the final after winning only two of their six games in normal play (they won their quarter-final and semi-final on penalty shootouts). On the way, they scored only five goals and accumulated 20 yellow cards and one red card. In the final, they barely attacked.

The balance of the game had tipped too far in favour of defence. Furthermore, Fifa's statistics showed that, during *the finals, the ball was in play* for an average of just over 50 minutes a game and sometimes much less; far too low.

Fifa decided to act. As is so often the case, though, the effects of its attempted reforms have been rather less dramatic than expected. Both Fifa and its critics have under-estimated the wit and resilience of players and coaches.

The first change was a law introduced last season which meant defenders who stopped a goal attempt by foul play would be shown the red card. Sendings-off in the English league rose 21 per cent, from 202 to 245 – or just one extra offence punished every 47 games. There was little noticeable change in the quality and style of play.

By last August, professionals had something else to moan about. Fifa had made it illegal for goalkeepers to pick up back passes. This change was intended, says Fifa's Andreas Herren, to eliminate time-wasting and to force defenders to try to create attacks.

Despite its good intentions, the change drew predictable criticism. One is that – heaven forbid! – it forces goalkeepers to play football. Another, common in England, is that it has speeded a game that was too fast already. But this was Fifa's intention.

In any case, it depends what you mean by "fast." In English soccer, nobody is running any faster: they were at top speed already. There are just fewer gaps in the helter-skelter.

An amateur referee told me that the back pass penalises defenders when there is no foul play: but the same could be said of off-side and the rules that limit goalkeepers to four steps with the ball.

He also said that while he was happy to see the long back pass eliminated, it was unfair to remove a defender's only option when facing his goal in tight situations. In truth, the *sight of highly-paid profession*als making idiots of themselves has added greatly to the joy of soccer this season.

Fifa is still not happy. Its international board met last Saturday in Hertfordshire, England, to kick around the idea of replacing throw-ins with kick-ins. Afterwards, Sepp Blatter, Fifa's general secretary, admitted disarmingly that he did not have a clue what effect this change might have.

Herren says Fifa have made no final decision on whether kick-ins will be direct or if players can be offside from them. It proposes to experiment with the change in two youth tournaments. If it works, there will be another trial in the Hungarian league. If not, it will be dropped, which is why the whingers are moaning now. They may not have the opportunity later.

Purists blame the proposal (like so many things) on the Americans, even though the change will not affect the 1994 World Cup in the US. Anyone who has taken Americans to soccer games will know that one thing they always ask is: "If it's football, why do the players throw the ball in?" Good question.

The answer is that, originally, the ball *was* kicked in; the rule was changed to limit the range. That is why the mechanics of the throw-in are so complicated. There are amateur teams without a single player able to throw in the ball legally, and foul throws are irritatingly common even at the highest levels. Now that Fifa wants to find extra ways of getting the ball into the goalmouth, restoring the kick is a logical move.

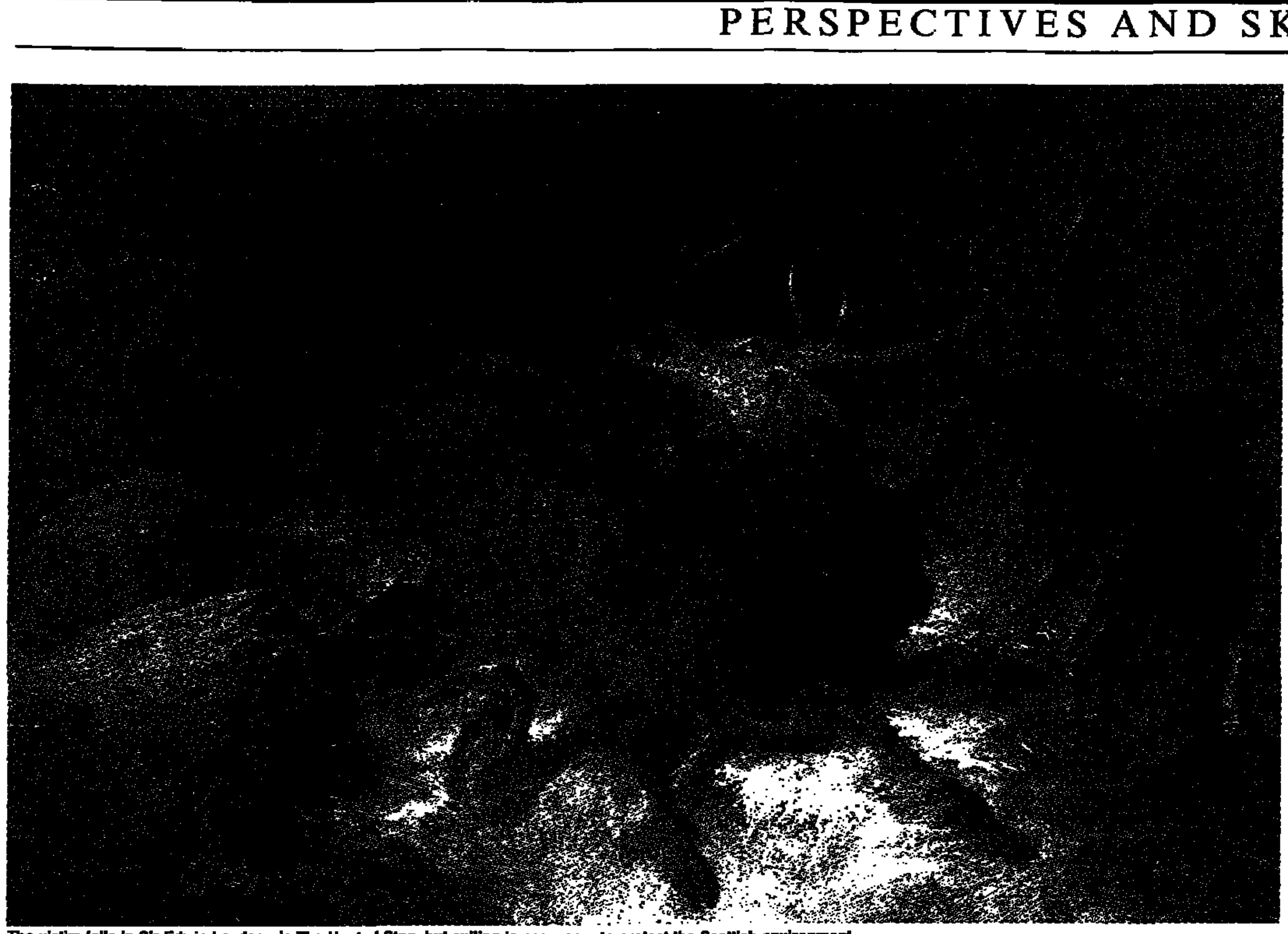
Critics complain that a kick-in would "devalue a corner." But the goal standard is soccer's only meaningful currency. In any case, English soccer is packed already with players who can hurl throw-ins 30 yards into the goalmouth. The truth is that this reform would have far less effect than critics suggest.

Meanwhile, the Argentinians collected all those cards in Italy by persistent foul play and Fifa has not addressed that problem. Defenders can still give attackers a good kicking and get away with it.

The laws demand that the referee must be a mind-reader. He must assess a player's "intent" to commit a foul. Defenders have become masters of the "unintentional" collision. In practice, referees are often prepared to judge by appearances.

David Elleray, a top referee, suggests that the laws should make it a foul "if a player makes contact with an opponent without or before making contact with the ball." That might eliminate some of the bone-crunching, tendon-severing collisions that some consider one of the more attractive elements of British soccer. It would, however, give attackers a better chance of making it through a defence, through a match or even through a season, in one piece.

PERSPECTIVES AND SKIING



The victim falls in Sir Edwin Landseer's The Hunted Stag, but culling is necessary to protect the Scottish environment

The monarch's assassin

***Jonathan Young** on why deer culling is necessary in the Scottish Highlands*

WINTER'S SEVERITY bleaches the colour from the Scottish Highlands, as the heather's blaze is replaced by monochromes of snow and rock. To most, the hills are a picture of still life. To Malcolm, they are a living chessboard.

Malcolm McCarthy has been a professional stalker for 30 years and is of his ilk, blending kindness with irony. He loves his deer and so culls them heavily. His employer's estate is part of a deer management programme monitored by the Red Deer Commission. This year they have to shoot 35 hinds to meet their quota. Throughout the Highlands other stalkers on other estates are already busy culling.

It is a hard task. Dick Youngson, senior deer officer of the government's Red Deer Commission, has watched the deer population rise from 270,000 a decade ago to 300,000 today. According to Youngson, that is 50,000 deer too many. "The Scottish deer population consists of 86,000 stags, 160,000 hinds and 54,000 calves. We are working closely with all the deer management groups to achieve an overall stock of 110,000 hinds, to produce an annual birth of 40,000 calves, both male and female."

The prize for this endeavour is great: the return of the original Caledonian forest. Once the open Highland hills supported a native woodland of Scots pine, birch and rowan. That environment has all but disappeared through overgrazing.

The government's agency, Scottish Natural Heritage, is bent on the restoration of the woods. But this can only be achieved by controlling the deer. On this, all are agreed, though some question whether it is practicable to turn back the environmental clock hundreds of years.

Others point to the 9.4m sheep close-cropping the Scottish vegetation at a cost, in tax-payers' subsidies, of £25 per hill ewe. They contest that, rather than taking drastic action against the Highlands' natural inhabitants, the red deer, we should reduce the number of their domesticated competitors.

It is an attractive argument, especially for those who view the Highlands either as a sporting playground or as a natural, glorious wilderness. To the Highlander, it is neither: the hills are his livelihood. It is a precarious one. Many suspect that the subsidies will go eventually, and with them the hill-farmer's life. Until then, the sheep stay and the deer are blamed for the environmental damage.

There are some politics in this. In urban Scottish offices the bitter memory of the Highland Clearances remain: the sheep are the working man's, the deer are the laird's. If there is a problem with overgrazing, the landowner must deal with it, by eradicating the deer if necessary.

In the Highlands, they are more pragmatic. According to a survey by the British Association for Shooting and Conservation, field sports contribute £173m to the Scottish economy, of which deer-stalking brings in £9m. To shoot a single stag costs an average of £250 – and the estate keeps the carcass. The estates, their stalkers and ghillies, the hotels, restaurants and a plethora of other local services rely on this annual injection of visitors' cash.

The Scottish stag season only lasts four months, however, and estates have to be manned year-long. The big payers, the Germans, are now looking eastwards, where the rich forests of Romania and Hungary produce huge red deer with forests of antlers.

Red deer hinds, having no antlers, have no commercial value other than their meat and this barely makes enough to pay the stalker's wages. In good years, venison off the hill will fetch 70p per pound, making an average hind worth £50. Most of the venison is sold to Germany and Belgium, where the average consumer is used to eating game regularly.

However, this is a fickle market. Continental prices for venison were shattered following the Chernobyl radiation fallout and the discovery that Scandinavian reindeer had grazed irradiated mosses. Commercial deer farming has also had an effect. The venison market is beginning to recover but at the moment a hill beast is fetching just 40p a pound.

With the hinds producing little income and stalkers still needing to be paid, some deer forest owners have chosen to let staff go and their hind cull slide. To an extent, they can rely on nature. Deer can withstand intense cold so long as it is dry, but succumb rapidly to prolonged wet, windy weather. Having lost condition, the deer die from exposure and starvation.

With this in mind, I wriggled through the snowmelt after Malcolm. Way down in the glen we had spied a small parcel of hinds feeding some 300 ft above us. We had made slow progress. A shifting breeze had threatened to carry our scent, forcing us to climb above the hinds where a steady breeze allowed an approach. Then a single hind, sensing our approach, had kept us pinned in the bottom of an icy burn.

Finally, our surveyor moved off. Malcolm took the rifle from me and we slid forward for 30 yards on our stomachs. He checked the rifle, worked a round into the chamber and placed it carefully on his knapsack. Head buried, he signaled me alongside. "The two hinds on the left. If either of them turns broadside on, shoot."

One does, and collapses. The hinds stop, unable to see or smell us and unsure as to the direction of the gunfire. A second beast turns sideways, allowing a heart shot. Already dead, its reflexes send it crashing down the hill. A third hind disappears over the brow. That, it seems, is that. We stay hidden for three minutes then walk forward to gather the beasts and inspect them. One is in good condition, the other two have sparse coats and one weighs little more than a yearling calf. These two were destined for early starvation. Sharing the carcasses between us, we begin the long drag down the hill.

In a way, hind-stalking is assassin's work, with the deer unconscious of the danger and of the bullet. Yet who could deny that it is a better death, coming instantly, than the slow decline into starvation? Or that in order to pursue a green policy in managing our uplands, it is sometimes necessary to stain the snow red?

Russia and its national drink

■ From Page I

the rot begin to set in – initially among the "so-called creative intelligentsia . . . and their hangers-on."

What happened was, according to Pokhlebkin, a kind of sub-Stalinist plot in which vodka played its role in the hands of the dictator's henchmen to help finish off the true Leninists. "They [the henchmen] sought to undermine the puritan spirit and ideology of the Leninist old guard and of the mass of party members, and to divert the Bohemian passions of the intelligentsia into safe channels. With the help of alcohol, they sought to cripple the tongues of potential critics . . ."

Still more alarmingly, 100 grams of vodka a day was issued to Red Army soldiers on demand. This state approval eroded the moral stance of the Bolsheviks, who clung to sobriety as part of what was "essential to being regarded as a true communist."

After Stalin's death vodka prices were kept low and it was widely available in state shops. Heavy drinking spread from the intelligentsia to the working class. The state erred deeply, says Pokhlebkin, in leaving workers increasingly to their own devices (political education was cut back in the 1960s and 1970s) and, at the same time, raising wages.

"During the 1970s," Pokhlebkin writes, "the Soviet working class underwent a general transition to a new mentality in which there was no place for moralistic condemnations of drunkenness. Thanks to the passing of new and less draconian laws, people had come to perceive the abuse of alcohol not as a social but as a personal matter. It was no longer possible to evoke a popular contempt for drunkards."

Yet, even a state straying grievously from Leninist ways could not remain indifferent to the vast losses of production resulting from a large degree of open and generally unpunished drunkenness at work. (Since Soviet society had made no distinction between controls at work and outside of it, people naturally make little distinction between work and non-work behaviour.) Yuri Andropov, the former KGB chief who, briefly, succeeded the lax (and heavy-drinking) Leonid Brezhnev as Soviet leader, took the KGB route: harassing drunks. Mikhail Gorbachev, the idealistic back-to-Leninism leader (in his first manifestation), copied Lenin's tactic: he banned it.

This excites Pokhlebkin's passionate denunciation, much of it justified. "In the course of the anti-alcohol campaign, wine-producing state and collective farms were dissolved, thousands of hectares of vines were uprooted, wineries were shut down or assigned to other tasks, and the equipment of vodka distilleries was dismantled. All these measures were undertaken in the spirit of the dawn of industrial capitalism in Britain when illiterate and impoverished Luddites smashed the machines in the factories, thinking that it was the machines that were stealing their bread and putting them out of work."

Pokhlebkin's strange book ends with an insistence that the generally-perceived way in which Russians consume vodka – knocking it back in large quantities – is a vulgarisation practised largely by mafiosi or *nouveaux riches* "who know nothing and understand nothing of Russian national culture." He says vodka should be drunk [and indeed it should] with the salty, spicy *zakuski*, or tasters, which precede a Russian meal.

It was, says Pokhlebkin the Bolshevik, "during the years when domestic distilling by the gentry flourished . . . and in the high, aristocratic milieu that the proper way of drinking vodka at the table came to be defined. Vodka should be served cold, almost frozen, and drunk in small, barely-perceptible mouthfuls."

Apart from this valuable insight, Pokhlebkin's researches helped the Soviets win their case against the Poles in 1982, and to secure the right to advertise their product as vodka. "Thus," he notes, "an attempt by certain foreign circles to harm Soviet commercial interests . . . ended in failure." They are still drinking to that, from Gdansk to Vladivostok.

■ *The History of Vodka, by William Pokhlebkin. Verso (London and New York), 222 pages.*

Keep it in the family at Snowmass

THERE ARE few places more suited for an English-speaking family skiing holiday than Aspen's Snowmass village, in the heart of America's Rocky Mountains.

Aspen and families might seem an unlikely combination, given that the attractive Victorian mining town is the most glitzy US skiing resort – a sort of Hollywood winter retreat. And Aspen Mountain is hardly kid's stuff: a mogul skier's delight, it boasts not a single green run. Yet just 20 minutes up the valley of the Roaring Fork River lies Snowmass, a resort with miles of varied intermediate skiing which is tailor-made for families.

Snowmass is friendly, informal and more down to earth than Aspen. It is also extremely children-friendly.

It may cost more than Europe, and be farther away, but it has two big advantages. The first is that Americans speak the same language (more or less) – no small thing when you are half-way up a mountain seeking advice on how to get to the bottom. The second is the quality of instruction. Americans generally like and relate to children in a way that Europeans (Britons especially) seem to find harder.

This shines through at most ski schools, where the instructors clearly enjoy the company of their charges and the emphasis is on having fun and bolstering self-confidence.

So, having decided on a US holiday, why pick Snowmass? First, because it is in the Rockies, which gets better snow than icy New England. Second, because of its huge expanse of intermediate skiing, which absorbs large numbers of skiers and still leaves uncrowded slopes and virtually no lift lines. For advanced skiers, the mountain also offers challenging terrain, such as the Hanging Valley run, although real experts will tend to head for Aspen Mountain and a third local resort, Aspen Highlands, both of which are covered with difficult black trails.

And third, because the Snowmass ski school is outstanding. In surveys it is consistently ranked among America's top learning centres, together with the one at a fourth mountain in the Aspen area, Buttermilk.

Victor Gerdin, director of the Snowmass school, says his children's instructors are all people who have specified that they want to work with kids – and it shows in their exuberant encouragement and endless patience. Certainly my three children – David, nine, Lizzie, seven and Kate, five – all rated their instructors "really great."

By the end of a week Kate, who had barely skied before, had advanced from crude snowploughs to parallel "hockey stops" and tricks like skiing backwards. David and Lizzie also made good progress, and particularly liked the special "kid's trail map" marking secret spots – such as "Jaws" and "Pinball Alley" – around the mountain that are not known to adults.

The school offers several children's programmes. There is day-care for infants from 18 months to three years; an introductory ski programme for three- to six year-olds; ski school for six- to 12 year-olds; and a teenage programme including evening activities ranging from ice skating to pizza parties.

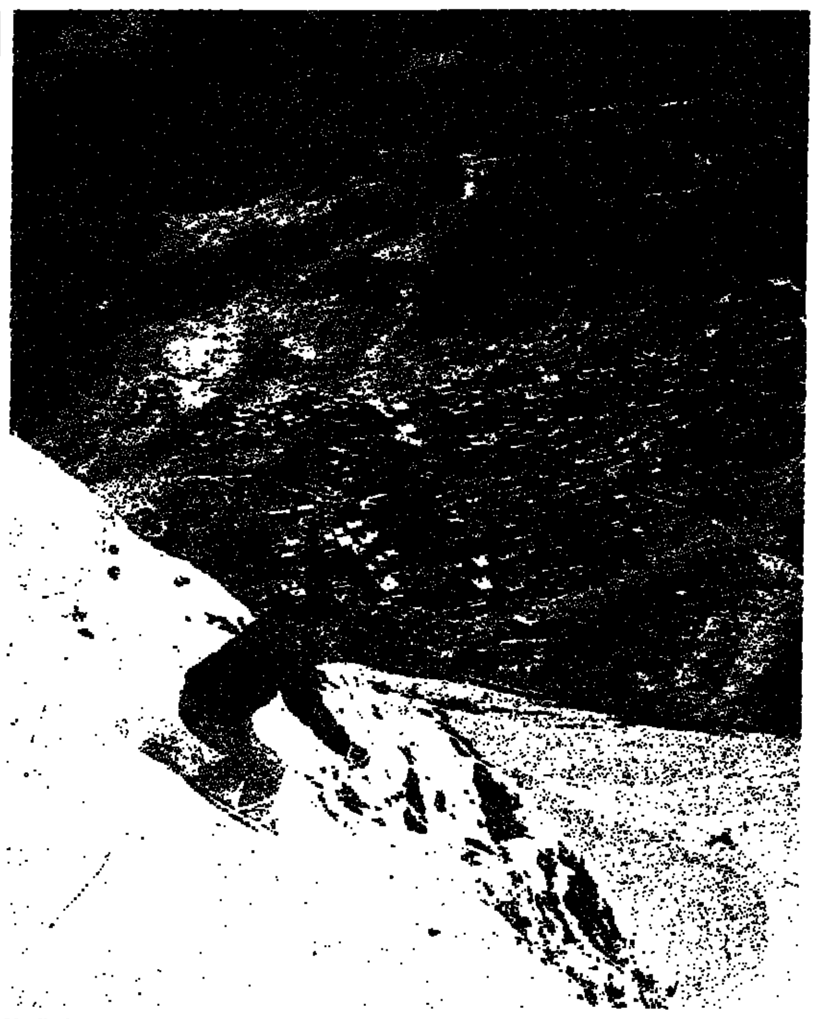
Adult beginners might do better on the smaller Buttermilk mountain, which lies just outside Aspen town and also offers highly rated childrens' programmes (from the age of three). Buttermilk is such a benign mountain to learn on that the ski school guarantees that absolute beginners will ski from to bottom in just three days' instruction or get their $99 fee back.

The design of Snowmass village also makes it attractive for families. The 25-year-old village is hardly scenic, but planning regulations have kept building heights down, so it is not the visual eyesore of some modern US and European resorts. Its few hotels and large number of "condos" (apartment buildings) are on or very near the slopes, so that most visitors can ski to their accommodation.

Snowmass is not perfect. One of its biggest failings is the lack of a separate area for the childrens' school, which means that tiny tots share the main village skiing thoroughfare with everyone else.

And the Snowmass village centre, a glorified shopping mall, is devoid of atmosphere and nightlife. But there is plenty of that in Aspen, and plenty of babysitters on hand to relieve those couples capable of rocking the night away after a hard day's skiing – and parenting.

Martin Dickson



Meribel, just one destination in the skiing paradise of Les Trois Vallées

In the Valleys of confusion

THERE ARE so many possibilities to get it right and get it wrong when skiing in France's Les Trois Vallées. The vast ski arena that surrounds Courchevel (1500, 1650 and 1850) Le Praz, La Tania, Meribel (Mottaret, 1400 and Les Allues), Les Menuires (Croisette, Reberty and Praranger) St Martin de Belleville and Val Thorens is truly awe-inspiring and equally confusing, especially for skiers who have never previously visited any of the resorts.

How do you find your way around this maze of green, blue, red and black runs, never mind the dozens of off-piste *itineraires*? How do decide whether to go the whole hog and buy a 3-Valleys lift pass for your stay, or just a Belleville Valley pass, a Meribel Valley Pass or a Courchevel Valley Pass, perhaps upgrading to a full 3-Valleys pass for the occasional day when you want to ski far and wide?

If you do decide to ski all three valleys in one day, will you be worrying all day about missing the last lift home and contemplating the cost of an overnight stay in the wrong valley, or a taxi ride home to the right one? Will you know where to find the out-of-the-way mountain restaurants for a last-minute hot chocolate? Or the extra-special runs that you might miss even if you come here every year?

Even if you live and work in Les Trois Vallées you can never know every run. I have been visiting the area for 15 years, but it was only after a solid fortnight this year of trying to explore as many nooks and crannies as possible that I began to put the jig-saw together.

In terms of skiing logistics, the Meribel Valley is probably the best base. Whether you visit the Courchevel Valley or the Belleville Valley (Val Thorens, Les Menuires or St Martin de Belleville) you need only be two or three lifts away from getting up and over whichever mountain ridge you have chosen to cross.

If you are staying in Courchevel 1650 or 1850, a visit to Val Thorens, or Les Menuires, or St Martin de Belleville barely gives you time for lunch before you have to start backtracking, even if you are a fast skier, so it is important to plan your journey properly. Likewise, if you are staying in the Belleville Valley, a visit to 1650 only allows time for a speedy lunch. What are the key lifts and when is the last one?

If you end up in Les Menuires or St Martin de Belleville when you are staying in Val Thorens, it is simple and inexpensive to get a bus home. It is also not a major setback to miss the last gondola from Mottaret towards Menuires and catch the Combes triple orange chair and Roc de Tougne button lift instead, but unless you catch the connecting Grand Lac button lift back to Roc des Trois Marches you will end up in La Croisette.

This is fine if that is where you are staying, but a nuisance if you are staying at Reberty-Bruyères, which will involve a walk, a *navette* (which runs until 7 pm) or a taxi – not the end of the world, but an irritation. If you end up in 1650 when you are staying in 1850, or vice versa, there is a similar problem.

In Les Menuires there are pluses and minuses both on your doorstep in the Belleville Valley and in skiing over the hills and far away. Your nearest skiing is on La Masse, often ignored by skiers intent on trying to get to Courchevel and back in a day, and therefore often queueless. Ski La Masse in the morning: it will be in shadow in the afternoon and often cold, but that also means the snow is often better.

Do not miss the off-piste *itineraire* down the back of La Masse to the Lac de Lou – a wonderful, away-from-it-all descent with stunning scenery. Any problems with the occasional steep mogulfield can be circumvented by traversing to the left or right. It is a wonderful introduction to easy-ish off-piste. There is an equally easy route to the lake (do not ski over it, even if everyone else is) from Cime de Caron at Val Thorens.

Also do not miss the delightful, leisurely and long ski all the way down to the only old town in the valley, St Martin de Belleville (return by coach or taxi) with its picturesque floodlit monastery, or the *Pourquoi Pas* Piano Bar, with its roaring fire, quaint cellar and exotic "Lumumbas" (hot chocolate, cognac and cream).

And do ski the Maurienne Valley, opened up three or four years ago at the back of Cime de Caron – another vast, desolate valley with easy-ish off-piste skiing, a refuge/restaurant at the bottom and a chair to bring you back. The valley can also be skied after a half hour's traverse along the shoulder of the Pointe de Thorens, reached via the Moraine quad chair and the (rather chilly) Col double chair which takes you to the summer skiing area in the shadow of the magnificent Aiguille de Peclet (11,630 ft).

From the same location you can ski one of the classic descents in the Tarentaise: a superb 15 kilometre descent from the Gebroulax Glacier right down to Mottaret. This is an arduous but not particularly difficult run with breath-taking scenery that first involves about an hour walking up either on skins or carrying your skis. A guide is advisable as there are some huge crevasses. Although they are easily negotiated, you will enjoy the descent much more without the worry!

Meribel is the cross-roads of the three valleys, and usually the worst area for lift queues. If the Pas du Lac bubble and Ramees chair are crowded, try the cognoscenti's special by-pass round the back: the long La Truite green run. You would never know it was there, and it brings you – gently – to the Burgin Saulire gondola.

If that too is crowded, take Rhodos 1 and 2 (12-person gondolas which take you above the Altiport) and from there either take the Rocher de la Loze chair direct to Courchevel – a beautiful sunny route that brings you in above La Tania and Le Praz – or the Frasse and Saulire button lifts high towards Saulire (although not quite high enough) before dropping down to fill spare places in the top stage of either the Burgin Saulire gondola or the Pas du Lac bubble.

Once into the Courchevel Valley, the Les Creux area above 1650 – accessed by taking the Jardin Alpin gondola from 1850 and traversing just below the airport – is worth studying on the map. Both this lift and Marmottes next to it are important routes when returning from Courchevel to Meribel via the all-important Aiguille Fruit chair and Les Creux button lifts. So is another adjacent lift, Les Suisses. Although this involves a black (of the same name) it is not a difficult one.

Opposite these three get-you-home lifts is the Chanrossa chair, which takes you to some of the most contrasting runs in the three valleys. From the top you can ski the biggest bump run in the region or drift down Roc Merlet and Pyramide to a major cross roads near Le Signal at the top of the Roc Mugnier chair, which starts only yards from the Aiguille Fruit and Les Creux lifts. Do not miss the lower Creux run itself, a wonderful, swooping, gun-barrel trail.

From the top of Roc Mugnier there is some exhilarating motorway skiing beneath the orange Ariondaz gondola to 1650. On the way down you will pass the sunny deck of probably the best mountain restaurant in *Les Trois Vallées*, the Bel Air. The service is electrifying, the food good and the smiles fulsome. Otherwise enjoy a no-nonsense snack in 1650, in contrast to the more chic restaurants in 1850. You can get a cheap and cheerful meal in the sun at the Signal Bar, for example.

Finally, try to obtain a *Les Trois Vallées* piste map *before* you go: an hour's study will save precious skiing time later.

Arnold Wilson

As they say in Europe

The bathing beauties of nation-building

***James Morgan** on the former Communist nation which is embracing Western culture – pin-ups and all*

"SHYNESS IS not conducive to beauty," was the main headline in the Slovak daily *Národná Obrada* last Monday. That story was about the Miss Slovakia contest.

Národná Obrada means "National Revival." It looks like an old Communist daily, so even now it is a bit of a jolt to see a picture of a dozen bathing beauties in the slot on the front page which might, four years ago, have been reserved for a party functionary.

But it seems the beauty contest is one of the instruments of nation-building in central Europe today. The Slovak occasion became a story in which "a hundred thousand juries around the country could make their own judgment."

The event was reported through the eyes of last year's Queen and it was she who produced the memorable quotation that provided the headline in my first paragraph. The message was that the country, now free of the Czech yoke, could encourage its youth to participate fully in the European experience.

The creation of a new sense of nationhood is not easy for those emerging from the communist trauma, especially if the nationhood itself is new.

In this endeavour governments aim at a nice mix of tradition and capitalist modernity to reassure citizens that not only are they now part of the world which they have envied for so long, but their society has sound, ancient roots. A similar movement between the wars ended up as fascism.

But there are more recent precedents for the process. Thirty years ago Michael Frayn, the British writer, noted the psychological upheaval that hit the post-colonial states which were striving to assert their independence before a sceptical world. So he composed a suitable anthem for an emergent nation anxious to create that hard-to-find image of ancient modernity:

"Freedom's historic home, Our oft-embattled nation, Now boasts the finest water-skiing And modern sanitation."

Recently I had a fascinating conversation with a senior official of the central bank of Slovakia. It ranged from the role of St Svatopluk as founder of the Slovak nation in the tenth century to the well-managed national budget of today. The deficit, it emerged, is well under 3 per cent of gross domestic product, only half that of the Czech Republic.

This curious combination of themes is frequently heard in the former Communist world: "A sound monetary policy can be constructed through the assertion of national authenticity in the financial domain." This kind of thinking inspired me to update Frayn's anthem to render it suitable for one of the "economies in transition" as they are known:

"Now wakes our long oppressed land To offer incentives superior, And ensure the market's hidden hand Meets fiscal convergence criteria."

But the trouble in Eastern Europe is that it is the song of yesterday that one hears. In Budapest the talk is of yuppies, in Warsaw property speculation has been the rage. In Slovakia, with its beauty contests, it is evidently the day before yesterday that provides the model.

Separatist and national movements generate specific fads and Western Europe sets trends here too. It likes to think itself immune to the virus which has horribly afflicted much of the central part of the continent, but disintegration under the guise of national rights exists here too.

Nobody takes much notice of what goes on in Belgium but this week has provided new guidelines for those who wish to square the circle of tradition and modernity.

As Slovakia watched its strapping beauties simper down the catwalk, the *Gazet van Antwerpen* produced the splash headline, "Clean air, beautiful water, peace in vehicle-free town centres – Flanders paradise in 2002."

This was the prospect laid out by the Flanders regional government in a policy document on the next nine years. Another daily, *De Standaard*, led on the same story and had a picture of the new official poster which shows a couple in a half-embrace and the slogan, "Flanders-Europe 2002."

Those who cannot stand their neighbours often believe they can live harmoniously with more distant nations in a wider community. Flems, Serbs, Scots and Slovaks each carry some mythical picture of the European ideal into which they will perfectly fit.

The historical basis of this ideal is flimsy: the state of communications has not up to now permitted the ancient regions of Europe to slug it out in the manner of, say, the English and the French.

But as a Welsh friend of mine once pointed out, a Europe filled with people who have scarcely heard of each other might be easier to handle than anything else that is likely to emerge.

■ *James Morgan is economics correspondent of the BBC World Service.*

Putting roofs over the heads of aces

***Nick Garnett** meets the people who house the globetrotting stars of Wimbledon*

STARTING a small company without training, and dealing with an activity about which you have no real knowledge, is hardly the best way to succeed. Sometimes, though, it can work.

In the mid-1980s, Jane Cussons, a part-time actress and television producer, found herself with another part-time job: driving players from hotels to Wimbledon for the annual tennis championships.

Out of the blue, one player – New Zealander Kelly Evernden – asked her to help in finding a house to rent for the following year's tournament. From this off-the-cuff beginning, Tennis London was formed.

Operating from a rickety office up a narrow, creaking staircase above a printer in London's West End, the venture is one of those little niche businesses that provide useful supplementary income while rarely generating enough to give their owners a full-time living.

Tennis London gets all its revenue from finding temporary accommodation in houses and flats for people connected with the annual Queen's Club and Wimbledon events: players, sponsoring companies, reporters and television crews. For the year ending next month – which includes last year's Wimbledon – Tennis London handled £320,000 in rent, producing a fee income of about £50,000.

A third of that is absorbed by running costs, leaving the two owners, Cussons and Shelagh Shipley, to share around £30,000 between them.

For this, they work about three days a week – except in the period leading up to and during the competitions – and can take a full break of more than a month late in summer. "No one else really does what we do," says Cussons. "There is lots of administration involved in handling short lets over such a short period of the year and it is not worthwhile unless a property agency is set up for it."

The business took off only slowly and Cussons worked from home at first. In 1989-90, Tennis London earned just £11,000 from gross rents of £85,000 on 40 lets during the season. In this financial year, gross rents almost four times higher were arranged on nearly 150 lets.

Cussons says the company has a close relationship with Queen's and the All England club, which runs Wimbledon. Both recommend Tennis London to players and the sport management companies that represent them – and usually arrange their travelling and tournament living arrangements.

Much of the business comes from word of mouth. And while some estate agents do handle short lets for Wimbledon, many others pass on enquiries to Tennis London, which has around 600 flats and houses in Wimbledon and central London on its register. "Home-owners come to us and we now have more than we require, particularly because of the recession," says Shipley. "Three years ago, we had only one house in Somerset Road, Wimbledon, which is a very select area. Last year, we had five."

She scoffs at newspaper stories suggesting that some owners are raking in £15,000 in rents for the two weeks of Wimbledon. The spread, she says, is from £300 a week for a one-bedroom flat to £3,500 for the best six-bedroom house.

Shipley adds: "Even star players never pay more than £2,000 to £2,500 a week. Sometimes, owners read about these huge rental figures and will not believe you when you tell them these are wrong. They think they can get £2,000 a week for a three-bed semi." (The real figure is more like £750). Whatever the level, Tennis London takes a 15 per cent slice.

The company circulates a limited number of brochures with details of its properties, but negotiates mainly by giving these details direct to players and their agents via letters and fax. Players such as Andre Agassi and Michael Stich find homes through Tennis London, but they do not need to climb the creaking stairs first.

One of the company's particular problems is its seasonal nature: Cussons employs an extra person from April to July and four others during the tournaments, mainly to let people into their rented homes. Another problem is coping with the inevitable crises that arise during tournaments: players locking themselves out, washing machines flooding kitchens, lavatories breaking down. With these in mind, Tennis London has a plumber on call.

There are, of course, other awkward moments. "One flat-owner forgot to pay his electricity bill and power was cut off for a day and a half," says Cussons. "I went up to the electricity board office to pay the bill but the tenant was not pleased."

Tennis London's overheads are low: about £15,000 a year, including office rent. Lacking business training, its owners use a standard Law Society contract form for the lets, with a few additions suggested by a solicitor.

Perhaps surprisingly, players cause few headaches. Cussons says: "The most important criteria is that properties should have pump showers, video recorders and washing machines and, if they are staying in Wimbledon, they like to be within walking distance of the tournament. South Africans and Australians are real sweeties. Americans can be a little demanding about accommodation."

Shipley says that while many players and sponsors still prefer to stay in hotels, she believes there is scope for growth. But the company occupies such a small niche that the owners recently recruited a full-time saleswoman to run a conventional house rental operation from the same office.

■ *Tennis London, 24-25 New Row, London, WC2N 4LA. Tel: 071-379-8029.*

Shelagh Shipley, Jane Cussons and saleswoman Clare Wilson of Tennis London

Ashley Ashwood

Computing / **Robin Brooker**

Bugged by the system

I THOUGHT that the age of people putting too much trust in computers was over. It seems this is not so – at least, not in the realms of local councils.

On opening my mail the other morning, I had a shock. It was a letter from the local council saying that I would have to pay the new council tax on an unoccupied property. A property I had never heard of, let alone owned. I rang the council offices.

"Yes, under the council tax we are required by law to collect taxes on the property."

"But I don't own the property."

"Our computer says that you do. If you don't own the property why haven't you given this information before?"

"I didn't know you wanted the information."

"You must have known." She was getting angry by now. "We have written to you many times before concerning this property. You just see fit not to answer the correspondence."

"I have not received your previous letters," I pleaded.

"Look, Mr Brooker, I can understand one letter going missing, but not with the regularity we have tried to contact you. You just don't reply!"

I could tell by her tone that the computer screen in front of her was giving her the dates of all the letters sent. "Where did you send the letters?" I parried.

"To you, Mr Brooker, at your address."

I decided I would take on a condescending tone to match hers. "To which address?"

She gave me the address of the property that was causing the concern. It still had not registered that if I did not own the property and did not live in the property, I was unlikely to have received any correspondence.

She still spoke with the same haughty tone. She had given up listening by now.

"I don't own the property," I told her, very clearly. "I have never owned the property. I have never lived at that address."

"If, as you say, you don't own the property, then you will have to inform us who does own it," she replied.

I was getting tired of this conversation by now. "I don't own a crystal ball either," I remarked. I hit a nerve.

"There is no need for that kind of remark. I have all the details in front of me on the computer. If you have sold the property then you must tell us who you have sold it to."

"I don't own the property. I have never owned the property. I cannot sell a property I don't own. Please! Just alter the information on the computer."

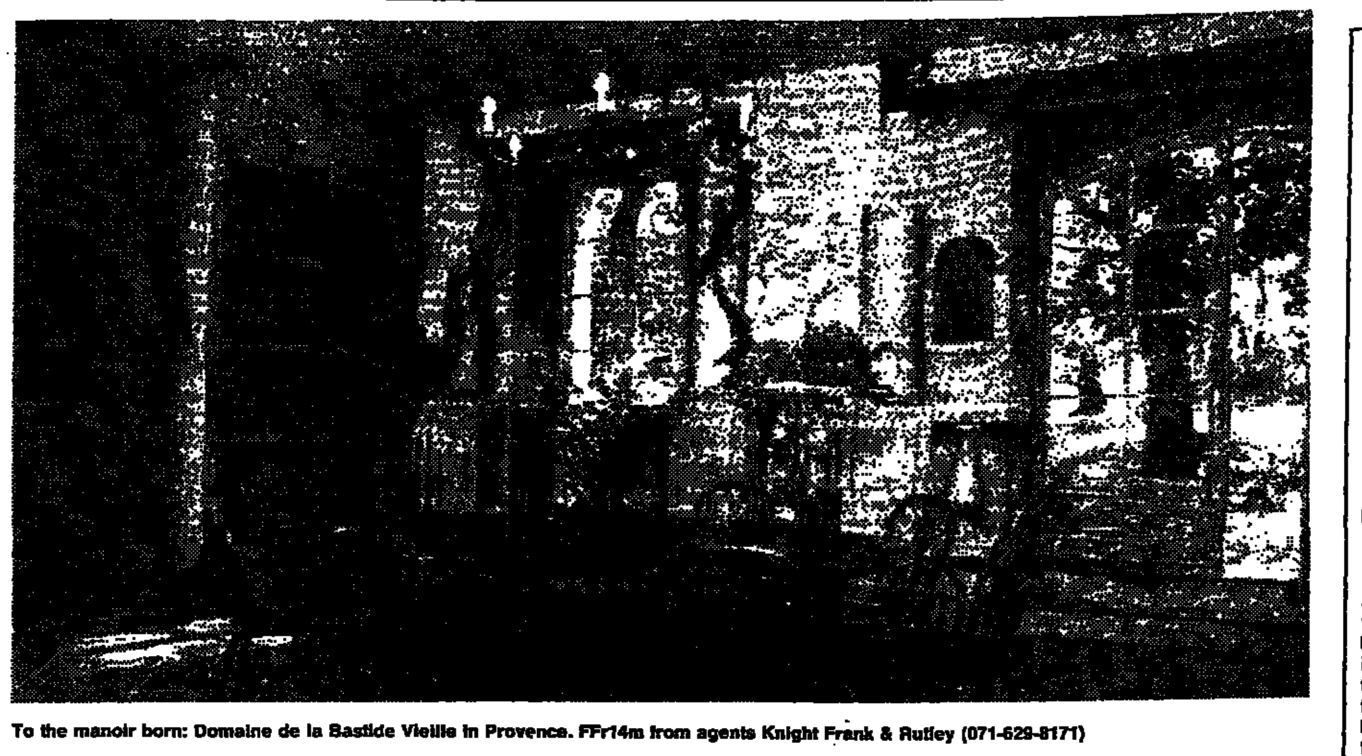
"I cannot alter the information on the computer just on your say so, Mr Brooker. If you care to write to us we will deal with your correspondence in due course."

The conversation was ended. I sat down at my computer and drafted a letter. As I was steaming mad I made a few errors – *which I corrected.*

There is an old adage in computer terminology: if you put garbage in, you get garbage out. If there is one group of council workers which understands garbage, it is the refuse collectors. Perhaps it is these workers who should be operating the computers within the Town Halls...

Serious planning makes dreams come true . . .

Homes are available in France to suit all pockets, says ***Gerald Cadogan***



To the manoir born: Domaine de la Bastide Vieille in Provence. FFr14m from agents Knight Frank & Rutley (071-629-8171)

OWNING A home in France is a dream for many Britons. Now, with the advent of the European free market, and with the Channel Tunnel set to open by the end of the year, it is easier than ever to make the dream come true – even with the pound trading at around FFr8.

There are many suitable properties for sale in France at prices perhaps 25 per cent below their British equivalents. They are in every size and state of repair, from ruined byre to immaculate château. But do not let dreams blind you to reality. If you are set on a French farmhouse or manoir you must know why you want to go, how you intend to make a living and how ready you are to adapt. Do you *really* love French life and culture? You may meet your Waterloo if you are not clear about fundamentals.

Houses in France soared in popularity in the UK in the property boom of the 1980s. When UK prices were sky-high French homes offered both value – they often cost less than half the sum of anything comparable in Britain – and a better quality of life, says Sarah Francis, of French property consultants Sifex (071-384-1200).

You should decide why you are going long before you talk to a property consultant, who will usually represent several agents in different parts of France. Are you going to make a new main home? If so, you will be liable for French income tax after six months, even though the UK Inland Revenue will still treat you as resident and ordinarily resident in the UK. However, you may be able to obtain double taxation relief.

If you are planning a holiday home what do you intend to do there? Ride, ski, garden, laze around, write, cook, make wine – or spend all your time doing the place up? How much help can you afford? How far are you from an airport, railway station, ferry or the Channel Tunnel? What society – French or expatriate – do you need around you – or are you a loner?

A driving holiday in France, letting these queries roll through the subconscious in the intervals between *degustation* and sightseeing, is a good start. If deciding is hard, do not feel pressured. There are plenty of houses for sale in France, so there is no hurry to buy. Eventually, you are bound to find something you like and can afford, from FFr100,000 (£12,550) to millions of francs.

In Paris, Philip Hawkes (42 68 11 11), a leading agent in châteaux, Paris apartments and *hotels particuliers*, is offering an exceptional first floor apartment in the Hotel Mansart de Sagonne, at 28 Rue des Tournelles in the Marais, very close to the Place des Vosges. Louis XIV's architect Jules Hardouin-Mansart, Comte de Sagonne (who gave his name to the mansard roof) built the house for himself in the 1680s, and little has happened to it since. It is a glory of polished floors, painted panelling and mirrors that reach to an extraordinary group of ceilings painted by Le Brun, Mignard, Coypel and other court artists.

This watermill in the Suisse Normande is available through GAK Williamson at FFr2m

This exquisite piece of old Paris has a guide price of FFr19m (£2.38m) and is a Classe Monument Historique (or Listed Grade I). That entitles the owner to more help than the cumbersome VAT relief rules for listed buildings in the UK, Hawkes explained. The Paris flat qualifies for grants for work of up to 75 per cent; the remainder is deductible from income tax. If the house is open to the public, all expenses are deductible. If there is an entry fee, then it is a business, which allows one to carry losses forward.

Some 120 km south of Paris Hawkes has the spectacular octagonal Château de la Motte, complete with moat, swimming pool, tennis court and 66 acres, for FFr25m. Cheaper, at FFr6.5m, is an attractive château in the Yonne, south east of Paris, which has been in the same family for 23 generations – and yes, it does need modernising – with handsome outbuildings, park, tenanted farm, 340 acres and shooting. Cheaper still at FFr1.5m is a romantic small château in the Lot owned by Roderick Galloway, Hawkes's correspondent in the south west.

Near Vichy he has a 15th century manor that looks like the French country idyll, with 62 acres, for FFr2.8m. In Normandy's Pays d'Auge (Calvados country) another manor in the same half-timbered vernacular as its cousins across the Channel is on sale for FFr2.7m.

At the top of Hawkes' list is the palatial 17th Château de Menou, halfway between Sancerre (wine) and Vezelay (architecture and food) 210 km south of Paris. Jacques Garcia, owner of the flat in the Hotel Mansart, has decorated this house sumptuously. With a guide price of FFr38m, it is a place for the seriously rich to take themselves back three centuries.

In Normandy, GAK Williamson (0962-734999) has an interesting range of houses with many below FFr1m, including a farmhouse with plenty of outbuildings on the edge of Domfront for FFr700,000. For FFr2m there is a charming 17th century watermill and cider orchard in the Suisse Normande, an hour from Caen, and another for the same price in the southern Charente, which would make an attractive hotel or restaurant – or a fine family house. And at FFr8m it offers the early 17th century Château Malitourne between Le Mans and Tours.

Provence has always been popular and has houses to suit all purses. New at the top end of the market is the grand 18th century Domaine de la Bastide Vieille, at Besse sur Issole, with 120 acres of rolling countryside, 28 of them vineyards producing 65,000 to 80,000 bottles of AC Côtes de Provence red and rose a year. It looks like a dream house, especially the the dining room, where you eat surrounded by *trompe l'oeil*.

Dreams may be easier to realise if you buy a house to restore. Williamson has several in Provence at FFr500,000 or less and Coeur de la France (071-254-4570) has some in the Cher and the Allier in the centre for around half that, including working farms.

Sifex offers some attractive medium-size properties, such as a maison de maitre in the Gers with 7.5 acres for FFr1.8m, and one in Tarn et Garonne at 1.65m, including a six-acre vineyard. In Lot et Garonne it lists an authentic 12th-14th century château with three towers and new roof, described as "habitable in parts." The château with 131 acres costs FFr2.8m.

Hints on French home buying

TEN POINTS to remember when buying a home in France:

■ 1 The system
Title is recorded at the land registry *(bureau des hypotheques)* Plans of land areas are kept at the land survey office *(cadastre)*. The town hall *(mairie)* oversees planning law, building regulations and local authority requirements.

■ 2 The lawyer
The notary *(notaire)* is an impartial law officer appointed by the Ministry of Justice whose role in the purchase is mainly concerned with correctly transferring and registering title to the property.

■ 3 Differences from the UK
In France there is no need for a buyer's lawyer to be involved before contracts are signed – meaning, no surveys, no searches and no inquiries before contract.

■ 4 The contract
No standard form. At least four variations, any of which may be offered by the agent or notary. All will commit the buyer to some degree. Treat the contract as a basis for negotiation. Do not sign blind.

■ 5 Advice
Ask the notary what kind of contract it is. What does it commit you to? What do you lose if you pull out? This could be the time to bring in your own lawyer.

■ 6 Precautions
Inspect the property. You buy as seen and approved, unless new. Check boundaries against the plan from the *cadastre*. Area is not guaranteed. Could rural tranquility be vulnerable to development schemes? Ask the town hall or regional planning authorities.

■ 7 Buyer's costs
a) Notary's fees. About 1.5 per cent to 2 per cent of purchase price. b) Old property: stamp duty at about 7.5 per cent on top of price. c) New property: no stamp duty but vat (TVA) at 18.6 per cent included in price. Ask who pays the agent and how much – 5 per cent is usual.

■ 8 Finance
Arrange early. The need, or not, for a mortgage will be a contract term.

■ 9 Point of no return
If all is satisfactory, pay deposit, customarily 10 per cent, to the notary. Sign and wait for him to tell you he is ready, eight weeks on average.

■ 10 Completion
In person or by proxy, before the notary, when he has conducted legal searches, cleared pre-emption rights, investigated title, calculated transfer duty.
He holds completion monies. At completion he redeems any mortgages, re-registers titles and keeps title deeds. You insure. Pay local taxes and utilities.

■ *Based on information supplied by London notaries De Pinna, Scorers & John Venn (tel: 071-409-3188).*

GARDENING

New light on England's lost Arcadia

Robin Lane Fox is intrigued by a painted clue to the gardening styles of yesteryear

I HOPE that garden history never becomes more popular than gardening, but in the cold of the recent winds, I can understand why it might. If so, it will still confront questions of scope and accuracy, one of which confronted me at a recent exhibition of garden history, called An English Arcadia: 1600-1900.

This well-chosen exhibition took its final call in Bristol in the west of England last week after five successful months in London and the US. Its main aim was to raise funds and interest for the continuing restoration of the garden buildings at Stowe in Buckinghamshire. The National Trust is leading a campaign and nobody could quarrel with this undertaking, because Stowe was at the centre of English landscape gardening during the 18th century. Stowe, therefore, was in the forefront of my mind at the Bristol Art Gallery, but a related problem soon dislodged it.

Lawn, summer house and soil sterilising: one of the pictures that provides a snapshot of gardens past

It is all very well to look at designs for grand fountains, grandiose arches and enormous avenues, but what about the history of smaller gardens, owned by people who led the commercial "flower culture," a characteristic of England since the early modern period? What was happening in lesser gardens with flowers while Vanbrugh and Brown were designing schemes which were far too grand for flowerbeds or ordinary mortals?

So often, histories of gardening become histories of parks and grand architecture with a separate list of contemporary flowers. Where are the pictures of gardening as we now know it, apart from the handbooks and nurserymen's lists which prove that it existed?

The answer seemed to be that the sources are very few. Nearly 20 years ago, they were vastly increased by a fascinating group of views of small mid-Georgian gardens in an old portfolio, found and identified by chance. The pictures were designed by an able draughtsman, Thomas Robins, and they showed the Georgian "nouveaux" and "nouvelles" sitting in gardens with frilly white furniture, spotty planting and that eternal status-symbol, a conifer.

What happened next or elsewhere, I often wonder, outside the background to Jane Austen's novels? Few gardeners could afford the Grand Tour or were able to obliterate entire villages and rivers: what about the family in a bijou town house or the man with a modest garden?

On to the main show of Grand Arcadia: the Bristol Gallery had added some local extras, one group of which made me *stop* in my tracks. Six small watercolours show exact details of a town garden at 14, St James Square, Bristol. Nowadays, the square has since vanished, but around 1810 there were flowerpots, irregular flowerbeds, a summer house of Georgian elegance, a long gravel walk and a staff of at least two in breeches. The picture above also illustrates the compost heap, sensibly placed against a house with a chimney for sterilising the soil.

The Bristol Gallery acquired these paintings in 1976. As they are watercolours, they are not exhibited regularly and still look as if they come straight from their artist's possession. They are an invitation to wonder who lived at number 14 and drew this precise selection of snapshots, showing a keen gardener's work in less than an acre.

Instinctively, I thought of a correspondent of Gilbert White, the naturalist of Selborne. The Gallery's date of "circa 1805" would be slightly too late, but the man combined efficiency, observation and an air of experiment which suggested a practical eye. It is hard to be sure, but some of the flowers in his many flowerpots looked decidedly trendy, half-hardy exotics from temperate climates: agaves were in evidence and the man kept a hothouse.

In 1979, the pictures were noted in *Connoisseur* by the art historian Kate Eustace. Intriguingly, she referred them to a date around 1805 and to a family called Pole, because they had been kept with a signed silhouette by one T. Pole. She doubted if the T. Pole was himself the artist, although local returns show that he resided in St James Square, in Bristol, from 1802 onwards, albeit not certainly at number 14. In one of the six paintings, a lady is shown at a desk, inside a Georgian window whose view runs the length of the garden's walled walk: was this lady, perhaps, the artist of the sketches?

It all sounds intriguing, but I think that we can be more precise. Thomas Pole is an important figure. His father had emigrated from the Exmoor village of Wiveliscombe to New Jersey and his son was a man of science who specialised in medical anatomy, especially of the female, and became a member of the American Philosophical Society. He returned to England, qualified as an MD and was known for his handbooks on anatomy, illustrated by his own sketches. Furthermore, he was an active Quaker.

In 1908, a brief biography for Pole was prepared: the author tells that on returning to England, Pole rode more than 6,600 miles on horseback to visit fellow Quakers and their Friends' Meetings. This religious zealot and accurate observer of anatomy was living in Bristol's Handson Square by 1802. He remained an active citizen, bubbling with goods works: one of the best was a school for poor adults who lacked education. His own speciality remained the female anatomy, which had evidently shown him some remarkable things. In 1792, he published his *Anatomy of A Double Uterus and Vagina*; ten years later, we should picture him in Bristol, sitting (I infer) in number 14 and looking at a single garden walk.

My first instincts seem to be true. If this Pole owned the garden, he was indeed a scientific man, forerunner of the surgeons, doctors and dentists who are so keen on precise gardening and pruning nowadays. His career and talents connect with the garden's qualities, its meticulous neatness, its technology, its elegance and the collecting instinct which shows in the masses of flower pots from the hothouse.

In 1908, his brief biographer remarked: "Despite the strictness then prevalent in the Quaker Society of Friends, a love of art remained with him to the last and found expression in many watercolours, drawings of landscape and architecture and silhouettes." The garden and pictures at Bristol, I suggest, are the work of this Quaker philanthropist. It was planted between his long rides on horseback, made for the sake of Quaker contacts. To record its appearance, Thomas Pole painted it exactly, plant by plant, view by view.

The few figures in the watercolours are oddly proportioned and either elongated or reduced. Would an anatomist have made this mistake? Art historians have drawn the wrong conclusion: if you can draw parts and details you cannot therefore draw figures as a perfect whole. This failing does not tell against an attribution to Pole himself of our finest snapshots of a garden in the late Georgian period.

In France, it would soon be the age of *grand jardins anglais*, of English parks and lakes in the manner of Capability Brown. In smaller townhouses, we now see, there were *jardins anglais* of a different quality, flower gardens where men with curious minds grew plants by the hundred for display and knowledge, where science and taste went hand in hand. Without these watercolours we would underestimate them: I propose this identification in the hope of future knowledge which some of you may have, and also as a postscript from a sort of Arcadia where I, too, can picture myself.

■ **Patricia Morison writes:** Further to my article last week on city trees, changes in the legislation have made the penalties for infringing a Tree Preservation Order considerably more draconian, increasing the fine from £2,000 to £20,000.

A Service of Thanksgiving for Arthur Hellyer MBE, former gardening correspondent of the Financial Times, who died on January 28 at the age of 90, will be held at the church of St Stephen with St John, Rochester Row, London SW1 on Monday March 22 at 2.30pm

COLLECTING

Maastricht: forget the treaty, enjoy the fair

***Susan Moore** previews an event which, in only five years, has surged to the forefront of the international fine art calendar*

IN JUST FIVE years, the European Fine Art Fair at Maastricht, Holland, can claim to have established itself as the one truly international art and antiques fair. Unlike the far more glamorous Paris Biennale, London's Grosvenor House or Palazzo Strozzi in Florence, it is not a national fair that simply invites foreign exhibitors.

Neither is it predominantly a "floor" or "wall" event. Maastricht – which opens this year on Saturday, March 13 – has flourished on the department store principle of shops within shops. Its fairs within the fair have always placed equal emphasis on paintings, works of art and textiles. It is a formula that seems to have worked. In 1989, the fair attracted 106 exhibitors (60 non-Dutch) and 17,000 visitors; by 1992, there were 144 exhibitors (93 non-Dutch) and the number of visitors had doubled to 35,500.

Maastricht's unlikely rise to pre-eminence – its roots lay in two small provincial and biennial picture and antiques fairs which merged in 1985 and relaunched three years later – is explained partly by its now-famous location in an affluent and easily-accessible corner of Europe. The relatively low costs of exhibiting at the functional (although camouflaged generously with flowers) Maastricht Exhibition and Congress Centre has alsocontinued to attract the trade: few dealers could afford to show three-score pictures or a dozen wall-size tapestries anywhere else. Perhaps the fair's greatest strength, however, is its restlessness.

Over the years, the formula has been honed endlessly by the 21 international dealers who make up the board of trustees. There have been experiments with Orangerie-style displays, exhibitions, lecture and concert programmes and, most importantly, with a variety of new dealers and sections which have either become fixtures or been dropped. The fair is not allowed to rest on its laurels, and neither are the exhibitors.

There are more refinements and innovations this year - and even more drastic ones planned for next. Last year saw the introduction of La Haute Joallerie du Monde, and the jewellery boys are back. (Harry Winston follows his 1992 conversation-piece pair of ruby slippers, à la Wizard of Oz, with the world's largest green diamond planted in a Garouda brooch).

The somewhat disappointing gravura section has been expanded to include books, prints and maps, and the 20th century section is hoping to see a much-needed improvement with the participation of London's Waddington Galleries, which shows Picasso, and Amsterdam's Gallery Delaive, which brings Karel Appel and Niki de St Phalle.

The major addition this month is an antiquities section. Board member Ben Janssens explains: "Last year, two very good antiquities dealers came and, in terms of publicity, were extremely successful. We felt it was an area that should be encouraged." Exhibitors include H.A.C. Kunst der Antike, the Royal-Athena Galleries, Galerie Samarcande, Tradart, Kunsthandel M. Zilverberg, and the Chinese antiquities dealer Gisele Croës, who is exhibiting at Maastricht rather than the Salon de Mars.

There are some 25 new faces among the 160 exhibitors this year including Partridge of London, Moatti of Paris, and Albrecht Neuhaus of Würtzburg. Some broaden the range of the fair still further. From Vienna, for instance, comes glass dealer Michael Kovacek, bringing with him a fine, early-16th century stemmed bowl emblazoned with the Medici arms. London-based Ermitage specialises in Fabergé and Russian works of art. Its managing director, Alexander von Solodkoff, says: "Maastricht seems to be the one truly international fair, and our clients are international. Paris is for la grande décoration, much less for *objets d'art.*"

Inevitably, there are many familiar faces among the exhibits themselves - but they are not necessary any the worse for that. Heide Hübner, for instance, brings an impressive panoramic river landscape by Phillips de Koninck, from the Mountbatten collection and sold recently at Sotheby's; its price tag is £900,000. Moatti offers the luminous and sensitive "Portrait of a boy in a Persian costume" by Rembrandt's pupil, Jan Lievens. Do not leave without taking a look at Neuhaus's outstanding silver and silver-gilt table fountain by the Augsburg goldsmith, Melchior Gelb I.

Moatti presents a recently-discovered further fragment of Rubens' celebrated altarpiece of the Gonzaga family in adoration of the Trinity: a portrait of the young Prince Francesco Gonzaga. Happily for Johnny Van Haeften, his sumptuous Willem van Aelst still life of dead game, illustrated in the handbook, has turned into tombstone advertising. He says the mood among exhibitors is "cautiously optimistic."

For Klaus Hübner, Maastricht has become "the most important Old Master field world-wide - there is nothing comparable." Certainly, there is little serious competition for the title now that London's distinguished Burlington House Fair has been subsumed into Grosvenor House.

'Few dealers could afford to show three-score pictures or a dozen wall-size tapestries anywhere else'

Recent discoveries have also been held back especially for Maastricht. S.J. Phillips repatriates a silver-gilt cup dated 1691 that probably can claim to be the masterpiece of Willem Zeestra.

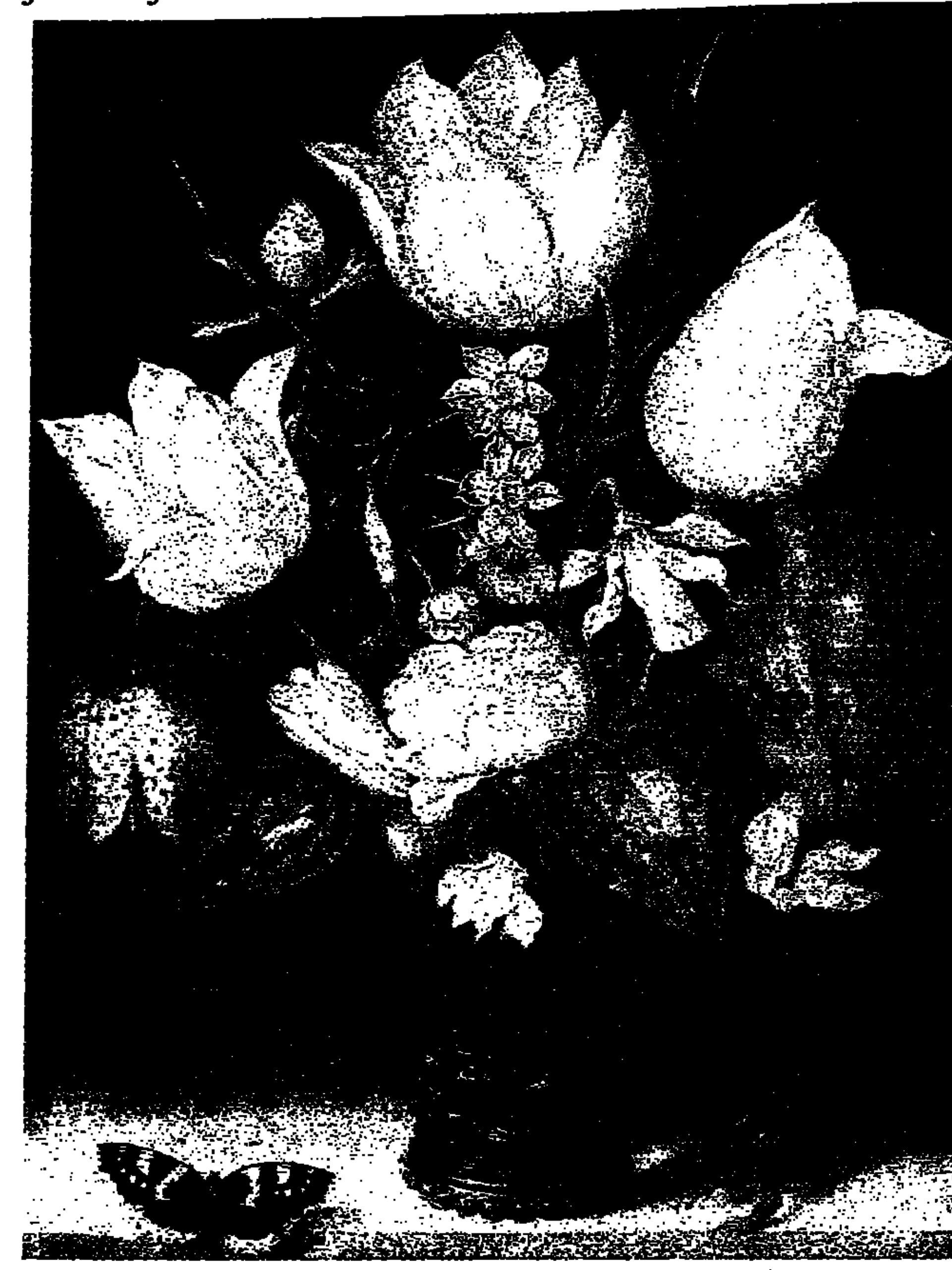
The Royal-Athena Galleries introduce an unpublished Roman bronze of Ares disarmed and overcome by love, a composition known previously only in paintings and mosaics. It is only 4 in high.

Despite spirited efforts by the likes of Colnaghi (not exhibiting this year) to bring Italian Old Masters to cut a swathe through the ubiquitous Dutch and Flemish flower pieces, landscapes and 19th century townscapes, Maastricht remains predominantly a northern fair. Those in search of southern bravura this year should turn to the Luca Giordano Nativity belonging to a new Spanish exhibitor, Concha Barrios, and the Meléndez still-life *chez* Charles Roelofsz.

The one section that sees little change at Maastricht is textura. For five years, its small and exclusive band of dealers has offered the finest carpets and textiles to be found anywhere on the market.

Next year will see standards tightening even further as Maastricht is pulled back into more manageable and rational shape. For years, the only major complaint about this marathon of a fair has been its epic and ever-increasing scale and labyrinthine floor plan. This year, however, you are still advised to bring walking shoes and compass.

■ *The European Fine Art Fair shows at the Maastricht Exhibition and Congress Centre from March 13-21; weekdays 11 am-8 pm, weekends 11-6. Tickets for the private view, fair and catalogue, and information on Sabena World Airlines' 50 per cent discount on all first and business-class flights for visitors, are available from TEFAF. Tel. (31-73) 14 51 65.*



At Maastricht . . . Left: Satyr Crowned with Vine Leaves, by Guilio Romano (Thomas Le Claire). Above: Flowers in a Vase, by Ambrosius Bosschaert the Elder (John Mitchell and Son)

COLLECTING

Dealers hit back at the salerooms

*Fairs provide new ways to sell, says **Antony Thorncroft***

NOTHING divides the arts and antiques world more than the question of fairs. Some of the grandest dealers, such as Wildenstein and Partridge, never show at them. Others, like Waddington and Richard Green, travel the world circuit constantly. Some dealers complain there are too many, often speculative ventures by inexperienced operators; others cannot get enough of the unpredictable nature of the events.

Undoubtedly, the recession has forced more dealers to attend fairs. It gives them a feeling of activity, of trying new ways of selling. The arguments in favour of fairs are impressive. You meet hundreds of new, or potential, customers compared with the handful of daily visitors to a gallery. Many sales at fairs take place months after the event, when contacts made there walk into the gallery and become valued clients.

At fairs, you can take the pulse of the antique market, discover price levels and, before the doors open to the public, pick over the stock of competitors. Dealers tend to develop an eye for what will sell, so a picture specialist will take a chance on some apparently underpriced porcelain or a rug man might see potential in a grimy watercolour. Fairs also offer the chance of good trade gossip.

Against these advantages can be set the cost. At the most glitzy fairs, like Grosvenor House, a decent display space can cost a dealer £15,000, and few cost less than £5,000. Olympia in June, the biggest with more than 300 exhibitors, charges around £9,000 for a reasonable stand.

Then there are hidden extras such as lighting and telephones, plus transport, setting up and decorative costs, and the expense of getting someone to man the shop while you are away. And there is the worry of inviting your regular customers and watching them being enticed away by other stand-holders, or finding that your stock is over-valued against the competition. Above all, there is the tedium of sitting through a long day being nice to strangers.

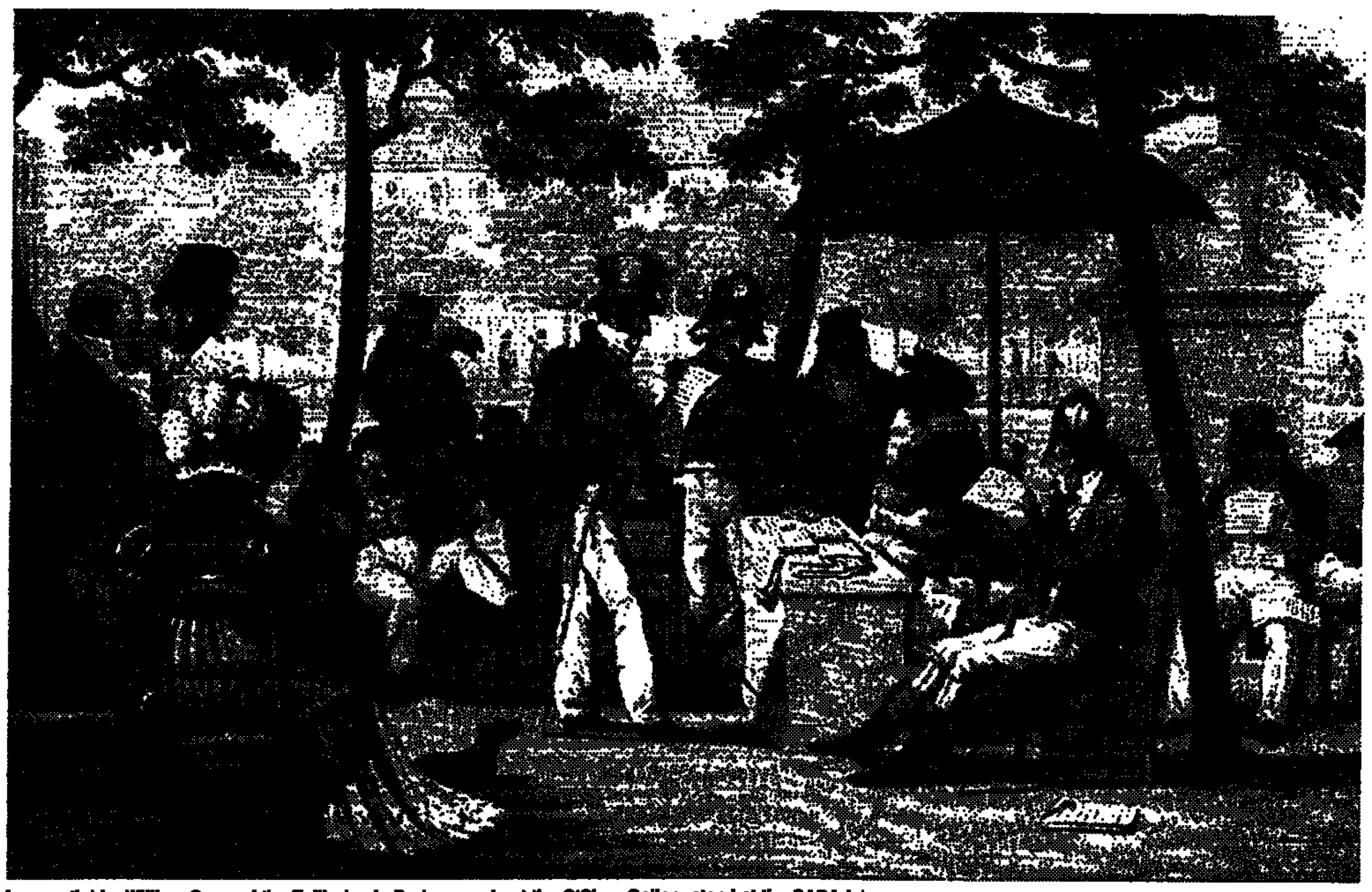
Fairs are enjoying a boom, though. Quite a few dealers no longer run shops but work from home instead and use fairs to meet new clients and display their wares. New promotion companies have emerged and, as other annual shows disappear off the schedule because of the recession, the larger exhibition halls are keen to open their doors to antique dealers.

On the surface there *are* too many fairs, but they seem to be creating their own demand. When the art market recovers, selling through fairs, and from home, could become the standard marketing approach.

One attraction of fairs is that they offer dealers a united, public showcase with which to hit back against the auction houses. In the past three decades, dominance of the art market has moved remorselessly from dealers to the salerooms. Sotheby's and Christie's between them now account globally for around two-thirds of all significant art transactions.

Now, though, the salerooms are in trouble and the dealers think they could be set for a comeback. Sotheby's and Christie's pushed the art-as-investment chimera too hard and, in a recession, are reaping the consequences of a sharp decline in turnover by making minimal profits – or, in Sotheby's case, actual trading deficits.

Gainsborough's double portrait of the two great-grandsons of Ben Truman, the London brewer, is on offer at Agnew's in London's Bond Street for the sum of £1.2m.
The catalogue of the main 1993 show, which is due to open in June, is now available at a *price of* £5.
Other highlights of the 1993 show include a magnificent Rubens painting of the Holy Family.



An aquatint by William Sams of the Tuilleries in Paris, on sale at the O'Shea Gallery stand at the BADA fair.

Surprisingly, the salerooms have moved to reverse the trend by raising their charges to buyers. Few decent antiques come on to the market these days and, if anyone comes along with a valuable collection, the salerooms compete by offering to sell them for nothing. They can pay for such generosity only by increasing the charges to buyers.

So, Sotheby's, Christie's and Phillips expect a successful bidder this year to pay a 15 per cent premium on the hammer price instead of 10. Bonhams, which was the only major London saleroom to raise sales and profits last year, is holding its charge to buyers at 10 per cent and deserves to prosper from its gamble.

The arrival of the 15 per cent premium offers a wonderful opportunity for dealers. At one level it is terrible news, since they are the best customers (both as buyers and sellers) of the salerooms. When the buyers' premium was introduced late in the 1970s, the dealers tried to organise a boycott, but failed. This time, the higher premium has been accepted with little outrage, perhaps because the dealers think privately that it plays into their hands.

Their argument is simple. If, say, you inherit a long-case clock valued at around £3,000 and want to sell it, an auction house will still charge you 10 per cent (because you are a minor seller), plus other expenses such as insurance, transport, catalogue photograph, etc. After a few months, you receive something approaching £2,500 - that is, if it sells at its estimate in the present depressed market.

'When the art market recovers, selling through fairs and from home could become the standard approach'

But why should anyone buy the clock at auction if, on top of the £3,000 hammer price, you pay 15 per cent (plus VAT on that if you are a dealer), pushing up the cost to more than £3,500. Might it not be best for the owner to accept an immediate £2,800 offered by a dealer who would then try to sell it, with a 20 per cent mark-up, for around £3,350?

By-passing the auction houses suddenly seems attractive to both buyers and sellers. The dealers see their window of opportunity, and are fighting back.

There is another reason why the dealers think they can win back trade from the salerooms. Along with raising the buyers' premium, the leading auction houses have tried to save money by sacking staff, including experts. There are good grounds for thinking that some objects sold in the salerooms in recent weeks have been catalogued wrongly.

Certainly, dealers, especially furniture dealers, are convinced this is so. It might mean that a dealer can pick up a bargain; it could also mean that private collectors, attracted by the ease of buying at auction, have paid over the odds for objects which are much less than the catalogue proclaims them to be.

These two factors provide the favourable backdrop to the fair run by the British Antique Dealers' Association at the Duke of York's Headquarters in Chelsea in May. Ostensibly, it is to celebrate 75 years of the BADA. Actually, it results from a feeling that the top dealers should offer a united front and mount their own show.

That the BADA fair is being held at this time reflects some dissatisfaction with both the exclusive Grosvenor House fair, which has room for only about a quarter of BADA's 300-odd members, and the populist Olympia, which can resemble a cattle market. Both these fairs take place in June, so BADA's timing is provocative.

Some dealers will exhibit at all three fairs but, in the main, BADA's is a challenge to Olympia. With BADA, it is cheaper for dealers to take space, the goods come with the association's seal of authenticity, the catering should be much better, and it has a mildly glamorous setting – in a marquee. The 80 or so BADA dealers exhibiting cover the range and will offer works of art priced between £100 and £100,000.

One fair by itself will not win back all the trade that dealers have lost to the salerooms. But, certainly, while the wisest heads know that both parties can prosper only by co-operation, there is a feeling that the auction houses are pushing their luck.

If worries about their level of expertise continue, the best specialist dealers must benefit. The problem is that there are dealers who have been known to cut sharper corners than any auction house.

Queen Victoria still rules

Antony Thorncroft thinks buyers are stirring from hibernation

TWO OF the most famous of all Victorian images, Florence Nightingale standing among the Crimean war wounded at Scutari, and Queen Victoria visiting them in hospital in London, painted as a pair by Jerry Barrett, sold at Christie's in London yesterday.

The dealer Hazlett Gooden & Fox acquired them on behalf of the National Portrait Gallery, which already owns sketches of the paintings. Florence Nightingale went for £188,500, at the top of its estimate, and Queen Victoria beat her forecast at £199,500.

What is odd about the paintings is that they have not been seen in public since they were exhibited at Agnews in 1859 and were bought there by a forefather of yesterday's seller for £870.

Their fame is totally dependent on the subsequent engravings, which entered millions of Victorian homes.

Also surprising is that little is known about Barrett. His artistic reputation survives on just these two paintings which were commissioned by Agnews who paid for the artist to visit the Crimea. It proved an excellent investment.

This has been a good week for Christie's which on Wednesday sold the celebrated miniature by Nicholas Hilliard of "A man clasping a hand from a cloud" for £177,500, way ahead of the £50,000 estimate.

The owner, the late Shakespearean scholar, Leslie Hotson, was convinced that the sitter was Shakespeare himself, but the expert on Elizabethan portraiture, Sir Roy Strong, has decided it is Lord Thomas Howard, later 1st Earl of Suffolk.

This Victorian angel by Strudwick was on offer at at Christie's yesterday

Yesterday Christie's announced that it has concluded a private treaty sale with the National Gallery of Scotland which transfers a drawing by Raphael, "The Madonna of the Fish", into its safe keeping.

The National Heritage Memorial Fund and the National Arts Collection Fund helped the Museum pay for the drawing by respectively giving £100,000 and £50,000.

Slowly the salerooms are stirring back to life: the main auction rooms at Sotheby's and Christie's have been deathly quiet since mid-December.

But Sotheby's too this week announced a major lot for disposal, one of the most celebrated, and last, watercolours by Thomas Girtin. "St Vincent's Rocks, Clifton" was painted in 1802, the year of his death.

It comes on to the market on April 1 and should make at least £80,000, helped by the renewed interest in British watercolours fostered by the two important exhibitions currently taking place at the Royal Academy and the British Museum.

The Original Print Fair closed at the Royal Academy last Sunday and was a great success.

It was always likely that prints, relatively cheap to buy but the work of great artists, would help lead the art world out of recession.

There were 12 per cent more visitors than last year and all the 28 dealers made sales, often to overseas buyers. But, as a sign of the times, it was prints under £10,000 which changed hands most rapidly.

Contemporary art gets a foot in the door

***Nicholas Powell** casts an eye over Europe's only works-on-paper fair*

THE *salon du dessin de collections,* Europe's only works-on-paper fair and the only one in the world which shows drawings but not prints, has moved this year from its cosy but crowded basement in the Hotel George V to the far loftier Grand Palais. The deliberately uniform and sober style of presentation - by Paris standards, at least - remains the same. But the *salon* is booming and 24 dealers, compared with 17 last year, are presenting a much wider range in twice as much space.

The *salon,* which proved an immediate success when launched in 1991, is still a purely French affair, despite the eagerness of foreign galleries to take part and the readiness of some of the younger Paris dealers to let them in. Prices, meanwhile, are still an average 40 per cent down on what they were before the 1990 slump.

Catering for Parisian taste as well as international collectors, the *salon* has been top-heavy in the past with decorative Flemish and 18th century French drawings and lacking totally in contemporary art. All that changes this year with the defection of Northern School specialists Segoura and Bob Habold, and the arrival of eight top Paris galleries specialising in modern and contemporary work.

Gallerie Di Meo, Yvon Lambert and Louis Carré have all brought works by their stables of artists. Pierre Brullé is concentrating on 1930s' drawings by German artist Karl Hubbuch, while Gallerie Claude Bernard is showing figurative pastels, watercolours and drawings by French painter Jacques Truphemus.

Durand-Dessert is mounting a one-man show of recent watercolours by another leading French artist, Gerard Garouste (priced from FFr30,000-100,000), while Fanny Guillon-Laffaille is exhibiting drawings by Matisse from the 1930s and '40s, and watercolours from the same period by Dufy. Marwan Hoss is showing a wide range of mainly unpublished works.

Priced at between FFr25,000-250,000, these include charcoals by reclusive Canadian artist Riopelle; figurative and abstract works by French painter Helion; drawings by the Uruguayan constructivist Torres-Garcia; and a series of very rare drawings by Spanish sculptor Julio Gonzalez (Hoss organised the retrospective of his work at New York's Guggenheim in 1983).

Newcomer Francois Perreau-Saussine, a 19th century specialist, has hung a large-format 1959 Picasso ink drawing of a bullfight (price: FFr1.2m) alongside his more customary Ingres, Degas, Millet and Barbizon school drawings. Hopkins-Thomas has a stunning (and highly unusual) drawing of a kitten by Manet in charcoal and white chalk; a very rare and highly characterful 1912 cubist portrait of the poet and critic, Apollinaire, by his Polish-born friend, Marcoussis, at just over FFr700,000; and a dozen more affordable Vuillard pencil drawings of interiors at FFr20,000-60,000.

Those heavyweights of the international drawings market, Prouté and Bayser, again are showing a wide range of 16th to 20th century drawings while keeping their most expensive works in the gallery - no one believes in economic miracles. Nicolas Joly, who runs the works-on-paper department of Galerie Yves Mikaeloff, is at the *salon* for the first time with 40 mainly 17th and 18th century works – including an early *La Hire of 1620* and one of the very few drawings by the 17th century French artist, Nicolas Mignard, not yet in the Louvre – plus 10 early-20th century drawings by André Mare. The French 18th century is represented by both Patrick Perrin, whose booth is devoted to red chalk drawings, and Galerie Cailleux, showing works by Jean-Baptiste Tiepolo, Fragonard and Greuze.

Galerie de la Scala has opted for a display of the themes of architectural studies and portraits, including an exquisite charcoal sketch of a baby (circa 1819) by Pierre-Paul Proudhon which his mistress, Constance Mayer, used for her painting, *Reve de Bonheur,* in the Louvre. The studies are mainly by 18th century artists such as Hubert Robert and Delafosse, and aim at Parisian taste. They contain two recently-identified rarities: ink and brown wash preparatory sketches of 1735 done by Panini for the decoration of King Philip V of Spain's bedchamber in his residence, La Granja, near Segovia. The other two drawings in the series, also combining highly-elaborate architectural structures and scenes from the *life of Christ,* are in the Prado.

Italian masters are represented by two dealers, Moatti and Baroni. The former is showing 15 unpublished 16th century drawings, including preparatory sketches for jewellery of 1560 by the Florentine school of Francesco Salviati and a little-known Italian period drawing by Simon Vouet. Baroni, a gallery which opened in 1991, has thirty 16th to 18th century Italian drawings by the likes of Confortini, *Cipriani and Cambiaso on* show, hoping to attract the eye of French museum curators.

BOOKS

Gallic allure disembodied

***Anthony Curtis** finds Chevalier a bit of a cold fish*

LUCKILY we all remember *Gigi* otherwise Edward Behr's titles might suggest that Maurice the Marvel was some kind of secret paedophile. It emerges that he did prefer waiflike types of women to the more Rubensian ones, but they had at least to have reached the age of consent. Among his innumerable conquests were Marlene Dietrich, Josephine Baker and Kay Francis. But his true love was, even after marriage, his old Mum. She was 36 when she had him. Her no-good husband, Maurice's father, was a Parisian house-painter who usually arrived home at night completely plastered (both senses).

Joséphine Chevalier, with her pinched, pointy face, was of Flemish origin known by Maurice and his brothers as La Louque, the name he afterwards gave in her memory his magnificent estate in the South of France at La Bocca, near Cannes. As a seamstress she was the family's breadwinner as well as being a constant child-bearer (Maurice was ninth in the order). Jeanette MacDonald, with whom he made movies for Paramount in his pre-war Hollywood period *The Love Parade* (1929) and *Love Me Tonight* (1932) – and who absolutely loathed him (this revulsion being entirely mutual) said that Mama was always Maurice's sole topic of conversation.

Behr's subtitle with its emphasis on the "true" story implies that all the previous ones have been untrue. Certainly the star's own nine volumes of memoirs need to be taken with a large pinch of salt, but which theatrical monster's memoirs do not? This new life, by a practised hand at contemporary biography, is well-researched and especially strong on the political background, enlightening about the performing arts in Paris during the murky period of the Occupation. But the main story seemed familiar, after an excellent Radio 2 biography, *This Was Maurice Chevalier* with recorded extracts from several friends quoted by Behr, first broadcast in 1988 compiled by Charles Castle.

The working-class French lad's emergence as a dancer from the down and out suburb of Ménilmontant via the world of the Paris café-concerts and music halls onto the stage of the Folies-Bergère is well documented. His earliest partner was a crazy woman called Fréhel. Luckily, young Maurice

THANK HEAVEN FOR LITTLE GIRLS: THE TRUE STORY OF MAURICE CHEVALIER'S LIFE AND TIMES
by Edward Behr
Hutchinson £18.99, 368 pages

did not succumb to her addiction to cocaine. Then he partnered the great Mistinguett when he was 23 and she 36 and with whom he at once started a prolonged affair.

He had found his *métier* and whatever later triumphs he enjoyed on the world stage, Maurice remained *au fond* a French vaudevillian. He could never sing especially well, but he radiated magic, through his panache, his patter, his good looks, his mock-hesitant yet perfect articulation, equally well-timed in both English and French. He excelled at manipulation of the audience for whom he became an irresistible embodiment of sexy, gallic, garlic-breathing allure.

The debonair look with straw "boater" was adopted in the 1930s. Behr says Maurice borrowed the idea of the hat as an essential prop from Harry Richman, an American comedian whom he "had almost certainly seen" in London. Could not both of them have got it from the Claude Hulbert upper-class, blazered, silly ass of the P.G. Wodehouse musicals and the Aldwych farces? After Maurice appeared jauntily sporting this headgear, sales of English straw hats soared across the Channel; like Dame Edna and her gladioli, Maurice would distribute them to his admirers after the show. Apart from such public relations munificence, paid for no doubt by the management, Maurice was in private life congenitally mean, never picking up any tab in a restaurant if he could help it, hoarding his huge earnings.

These remained vast for much of his life. He hit a bad patch in 1935, when he broke with MGM and was forced to return to France to re-awaken his dormant native admirers. Then came the Second World War. Maurice had been wounded in the first and had been awarded the Croix de Guerre. As a result of that he now became an ardent Pétainiste. But did Maurice turn his immaculately cut coat and perform at the behest of the Nazi masters in front of German audiences? Did he in fact collaborate? After the Liberation his reputation suffered grievously for several years from the stigma that he had.

Behr goes into the whole matter carefully. Maurice does not emerge completly spotless from the detailed investigation. He performed in Germany in a French POW camp near Magdeburg which sparked the slander; but he seems to have been hardly more culpable under the Occupation than Jean Cocteau, Colette and a number of stars of that generation whom we now hold in affectionate memory. Maurice's constant companion during the war – Nita Raya – was Jewish; he certainly helped her and her parents to survive it unscathed.

After his eventual exoneration and return to Hollywood, the story has a fairy-tale quality. Maurice is not just rehabilitated, he is glowingly rejuvenated. "I'm glad I'm not young any more" he sings with utter conviction, not believing a word of it. His success was largely thanks to the renaissance of the American musical, the lyrics of Alan Jay Lerner and the direction of Vincente Minnelli. Leslie Caron, who played opposite him as the *ingénue* in *Gigi* (1958), thought Maurice was a cold fish; but everyone else was charmed by the 70-year-old matinée idol. He was right back on top again.

But it could not last for ever, and by the end of the 1960s he was in a Lear-like decline, fantasising about being elected to the Académie Française, cutting his faithful female friend Janie Michels and her children out of his will, manipulated by others close to him, a prey to suicidal depressions with at least one actual attempt. By now he really had been forced to retire; no one wanted to employ him, even on television. He died aged 83 on New Year's Day 1972, a sad, lonely, cheated old trouper.

The book is highly informative, but it has been carelessly edited. The irritating trick of linking two sentences by a colon, e.g. "In America, things were perhaps even tougher: In many vaudeville theaters, entertainment was continuous..." proliferates; that cannot, surely, be Behr's normal way of punctuating. If for economic reasons we have to suffer American spelling, surely we do not have to have such illiteracy foisted on us as well?

The story about Maurice performing at the Waldorf Astoria during a musicians' strike is repeated word for word on pages 317 and 318. It seems incredible this error should have got right through to the finished book. Walter Hutchinson and Robert Lusty must be turning in their graves.

Fiction

Sex tangled with history

ALFRED Clayton is a historian and the latest in the line of middle-aged New Englanders to occupy centre stage in John Updike's slow fictional sweep across the desperate lives of his American contemporaries. Asked by the Northern New England Association of American Historians to contribute to a survey of the Gerald Ford presidency, Clayton can only respond with a chronicle of his disintegrating marriage, framed by Nixon's resignation and Carter's inauguration.

He sifts painstakingly through his 20-year-old memories of his estrangement from his wife Norma, the "Queen of Disorder", and affair with Genevieve, the "Perfect Wife", as well as detailing the other temporary liaisons that littered that era. "In his two years and five months of presidency", Clayton observes, "Ford presided over a multitude – dare we say millions? – of so-called one-night stands."

Alf is all too obviously left over from the the generation that had spread its sexual wings in the 1960s; now in the AIDS-dominated 1990s he regards those years with disguised nostalgia: "Even the late Sixties had an innocence, an oh-boy *Barbarella* forced cheer, counting off orgasms like the petals of a daisy, which the thoroughly experienced Ford epoch lacked."

If Alf's proper study is his own tangled sexual life, the topic of his professional research is the presidency of James Buchanan whose place in US history, just before the Civil War, seems as slender and inconsequential as Gerald Ford's. As Clayton's memories unfold, however, they become entwined with fragments of his unfinished biography of Buchanan; fact and invention collide, giving the shape and purpose to Updike's novel.

Predictably it is Buchanan's personal life that fascinates Clayton, and where the historical sources finally fail him he allows imagination to take over. The parallels in the narratives are drawn ever closer as each makes a fatal mistake: Buchanan dallies too long at a tea party and forfeits the woman he loves; Clayton sleeps with the mother of one of his students, and so destroys his relationship with Genevieve.

Memories of the Ford Administration is not great Updike, nor, one senses, does it aspire to greatness. Twenty years ago he wrote a play around James Buchanan's life, and the reworking of the material now in fictional form, linking it into an exploration of the limits of history and the sanctity of historical truth seems an uneasy one. In the roster of Updike's novels it stands roughly midway; set against its 1980s predecessors, though, *Rabbit at Rest* and particularly the wise and richly complex *Roger's*

MEMORIES OF THE FORD ADMINISTRATION
by John Updike
Hamish Hamilton £15.99, 384 pages

Version, it seems thin on thematic detail and short on the transcendental moments, the sheer bravura flourishes, that light up his finest prose.

Yet Clayton's regretful tone, his sharp awareness of spiritual loss and of opportunities unfilled is undeniably poignant; like so many of Updike's creations, he is a flawed man who has live long enough to become unsatisfied. There is no consolation to be found here, any more than there ever is in Updike. The mirror he holds up to the society he has tracked so faithfully and for so long, has never been a perfecting one; Alf's world, the author's world, is littered with loose ends and mistakes. History may strive for perfection in the way that it packages the past, but real life gave all that up long ago.

Andrew Clements

A triumph over prudery

***A.C. Grayling** admires a different view of Henry Miller*

SET ASIDE your prejudices, if you have any, about Henry Miller and Erica Jong. In this account of her friendship with Miller, and of Miller's life, views and literary achievement, Jong gives us robust insights into the life of a writer and, more generally, the writing life. Miller might not have a place reserved on Parnassus's peak, but when the topography of 20th century literature in English is finally settled, he is assured of a place on – so to say – its pistes. Jong's book gives us some of the better reasons why.

Shortly after the publication of her first novel, *Fear of Flying*, Jong received a congratulatory letter from Miller. It was the beginning of a friendship that lasted until his death. Partly because of Miller's support, Jong's novel was rescued from the oblivion that first seemed its destiny. Later, as if in repayment, she undertook to write his life. The task proved insuperably difficult, because Miller had laid so many false tracks in his voluminous writings and correspondence. In the end he told Jong that her best chance of getting his story right was "to make it all up". She has done the next best thing: she has mixed biography with literary criticism, polemic, and reminiscence. The result is a curate's egg of a book: hastily paced, especially when unsure of itself; sometimes hyperbolic; relentlessly crackling with noisy one-line opinions; but always interesting and not infrequently wise.

Miller is most famous, Jong rightly says, for his worst books: the *Tropic* novels and other sexually explicit writings. But his best work, *The Colossus of Maroussi* in particular, shows him to be the master of significant powers. Miller was an artist, an ironist, a raconteur, and sometimes a very funny writer. His language is pellucidly honest, and rises at times to a sinuosity

THE DEVIL AT LARGE
by Erica Jong
Chatto & Windus £16, 340 pages

and strength reminiscent of Attic Greek. He is a prose Whitman of the 20th century; and indeed acknowledges the connection, claiming America's great confessional poet as his "ancestor".

Although his sexually descriptive books are not Miller's best, they performed several important functions. Not the least was *Tropic of Cancer*'s legal victory in 1964 over censorship in America. This and other Supreme Court triumphs, superintended in that heady liberalising time by the reforming Justice William Brennan, unshackled American literature, making Jong's own work possible a few years later. For decades Miller had been silenced by censorship in his own country; triumph over the stiflers of expression was a sweet vindication.

Jong gives a brisk account of Miller's literary development, from early disappointments in New York, through the finding of his voice in 1930s Paris, to the wise evening of his life in California's Big Sur and the Pacific Palisades. There is a strong smack of the creative-writing class in Jong's appraisal, but it is fascinating and perceptive nevertheless. Miller became at last able to write, she tells us, because he sloughed off the desire to produce Literature, and discovered courage in that freedom. The result was that he could write "what none of the other books say". His exuberant language, his electric humour, his wonderfully surreal sense of the poetry of things, refused to be squeezed into conventional forms. As soon as he stopped trying, his difficulties were over.

Miller had many lovers, but the most important was Anais Nin. She was stronger than he, and gave him his platform, materially as well as intellectually. He was besotted, but she was having affairs with several others simultaneously. Nevertheless she ascribed a pregnancy to him, which ended in abortion. Later there was bitterness between them, but Miller continued to believe that Nin's diaries are an outstanding literary achievement.

Jong addresses the three questions which invariably arise in discussion of Miller: his sexism, his treatment of sex, and his work's value. She defends him against her sister feminists, remarking that he showed more charity to women's writing than "some feminist zealots, who judge every book against some imaginary yardstick of political correctness and care for neither irony nor imagination". She applauds his part in liberating novelists from prudery, but says that his revolution remains incomplete, leaving Western culture still uneasily poised between mania and phobia about sexuality. And she argues that although Miller's art is flawed, and that most of his books are, in Norman Mailer's phrase, "cakes which failed to rise", nevertheless his experiments with the confessional voice and with "spiral time" have been a powerful influence on the shaping of modern American writing.

These judgments are sound, and offer a useful counterpoint to the response, generally sceptical, that greeted Miller's recent centenary. Jong's account performs a valuable service, therefore, in letting Miller have his due, perhaps for the first time.

Magic in Memphis

UNTIL recently, Peter Taylor was one of America's most undervalued writers. Born in 1917, he toiled in relative obscurity until just a few years ago, when his novel *A Summons to Memphis* won a long overdue Pulitzer Prize. Luckily for Taylor and his readers, this recognition was not a case of too little, too late. As his latest collection of stories proves, Taylor remains a masterful and surprising writer of fiction, a magician who is able with a few deft strokes to conjure whole worlds out of thin air.

The worlds conjured in *The Oracle at Stoneleigh Court* range from the supernatural habitat of ghosts to the more earthly territory of the Old South. The collection's title novella introduces its central theme, showing how the ghosts of a family's past can haunt and manipulate those still alive. It tells the story of a young soldier who pursues a beautiful young woman named Lila from their native Tennessee to Washington in the years just before the Second World War. While there, he looks up an eccentric, elderly aunt, a seer of sorts who lives in a stately apartment building called Stoneleigh Court.

She soon insinuates her way into the lovers' relationship, bringing the young man under her spell by conjuring the ghosts of his illustrious ancestors while at the same time secretly causing the girl to abandon her would-be lover by implanting ambitious dreams in her. The young soldier goes off to war, where he wins the Medal of Honor for an heroic deed forever blotted from his memory. He returns to Tennessee to convalesce, only to have his aunt and Lila once again enter his life when the elderly lady returns to her native home to die. He and Lila enter into a brief affair yet soon break it off, realising that the aunt's meddling has made their love impossible.

It is a haunting story, typical of Taylor's work in its subtle evocation of mystery and passion and loss. It sets the tone for the remaining stories, such as "Demons", in which a young boy realises that the disembodied voices which populate his childhood must be forsworn if he is ever to become a man. In "The Witch of Owl Mountain Springs", a jilted young woman stays on to haunt the posh Tennessee resort where her heart was broken, growing into a backwoods hag until she can exact her revenge on the glamorous couple who betrayed her.

In its more territorial offerings, Taylor's collection is equally assured as he explores the fact that "in the Tennessee country of my forebears it was not uncommon for a man of good character to disappear". For instance, "Cousin Aubrey" tracks the strange life of a bastard son as he gradually takes on the personality of his famous father. Disappearances of a far more painful sort are

THE ORACLE AT STONELEIGH COURT
by Peter Taylor
Chatto & Windus £14.99, 324 pages

the theme of "In the Waiting Room", in which a group of strangers come together in a Memphis hospital to swap stories of how they have all been forced to abandon their old folk to death.

One of the most pleasing things about the book is Taylor's willingness to tackle the supernatural straight on, to show how it can be a manifestation of personal loss and guilt without for a moment denying that the voices and ghosts that sound through this book are every bit as real as its more tangible fictions. But, as in all of Taylor's work, the most memorable achievement of this remarkable book is its careful and loving evocation of the insular, complex world of genteel Southern society as it existed before being eroded by the levelling forces of television and jet travel.

His old Memphis is a world where people take pride in their Confederate General ancestors for the battles they *lost*; a world in which a pretty young woman can be ruined simply by being publicly jilted; a world where a man's way of overcoming bastard status is not to achieve fortune or fame but to grow a magnificent goatee to hide his unfamilial chin. It is an antique world but not a vanished one, not for as long as Peter Taylor is able to use his uncommon skill and sensitivity to keep its ghosts and voices alive.

Stephen Amidon

Monster mobster of the FBI

***Jurek Martin** sees J. Edgar Hoover in a new light*

SO NOW we know. J. Edgar Hoover, who ran the FBI for 48 years and died in harness in 1972, was a little bit more than the tough cop and master bureaucrat whom eight presidents found useful and, whatever their inclinations, unsackable.

He was, Anthony Summers tell us, not just a "lifelong bachelor" but a practising and licentious homosexual with transvestite manifestations. An expert in the art of blackmail, he used his knowledge of John Kennedy's sexual excursions with Mafia molls and other security risks to force JFK to accept Lyndon Johnson, whom he also held in blackmail thrall because of his affairs, as a running mate. He covered up Bobby Kennedy's association with the death of Marilyn Monroe which got the young attorney general, with whom he had a relationship of mutual loathing, off his neck.

It was not only the Kennedys. He knew of a Nixon liaison in Hong Kong and that brought him security in office, even though he had long passed notional retirement age and the White House thought he was going crackers.

But he was himself blackmailed, by the Mafia, which first catered to his passion for gambling illegally on the horses and later used its knowledge of his sexual inclinations as an effective shield against serious investigation, not merely into organised crime, but into its involvement in the assassination of John Kennedy. He was also personally corrupt on a quietly impressive scale and probably a physical coward. Even his death – officially in bed and of a heart attack – leaves the odd question unanswered.

In fact, even if only half of what Mr Summers writes is true, he was a monster. A lot of people considered Hoover a monster (and a racist) in any case, for his hounding of every radical and mild dissenter, from Emma Goldman through Alger Hiss to Martin Luther King. But this was tempered with a certain respect for the Hoover legend and a grudging admiration for his extraordinary ability to survive in the political jungle.

Summers, however, offers revisionism in the grand manner and he throws in a few fashionable retrospective psychoanalyses as well. One of them concludes that Hoover was suffering from "a narcissistic disorder with mixed obsessive features" not unlike the "perfect Nazi." Heinrich

OFFICIAL AND CONFIDENTIAL: THE SECRET LIFE OF J. EDGAR HOOVER
by Anthony Summers
Gollancz £18.00, 528 pages

Himmler, head of Hitler's secret police. In case the point is missed, comparisons with Stalin's Beria are also made.

Summers, whose previous book was on Marilyn Monroe, offers impressive research – 800 interviews and a huge bibliography – and an easy style. But he is not the first Hoover revisionist. Less sensational and more political analyses have recently been offered by Richard Gid Powers (1986) and Curt Gentry (1991). Broadly speaking, Summers picks up on the private Hoover where the other two, focussing more on the public man, left off. Both Powers and Gentry note the constant rumours of Hoover's homosexuality, based on his long relationship with Clyde Tolson, his deputy and constant companion, and both conclude that the evidence is simply inconclusive. Summers finds it everywhere, especially in the impressive eye-witness accounts of orgies that Hoover attended (in New York's Plaza Hotel no less) by the widow of Lewis Rosensteil.

This is another name to conjure with. Powers merely notes that Rosensteil, a Prohibition-era bootlegger, became the head of Schenley Industries, the distillers, while Gentry only parenthetically records Rosensteil's purported ties to organised crime. Summers's sources delve much deeper, into Rosensteil's own bisexuality, his connections, political and sexual, with Joe McCarthy's clique, including Roy Cohn, and above all his closeness to the Mafia's great financier, Meyer Lansky.

For years, Hoover refused to admit that there was such a thing as organised crime. That it took the local New York police, not the FBI, to stumble in 1957 on the Mafia summit in Apalachin, has long been known as the great clear blot on his record as a law enforcement officer, burnished early by his artfully publicised "successes" in nailing such gangsters as Dillinger, Nelson and Karpis in the 1930s. Even after Apalachin, and again after JFK was assassinated, his attempts to investigate it were suspect, Summers maintains, because of the hold the Mafia, courtesy mostly of Lewis Rosensteil, had over him.

Summers also digs up some fascinating nuggets with a British angle – for example, that Hoover discovered that John Kennedy was linked, via one of his many sexual encounters, to the Profumo affair in Britain, and that he had the relationship between Harold Wilson and Marcia Williams (now Lady Falkender) investigated and served on a plate to LBJ prior to a meeting with the British prime minister in Washington. George Ball, then undersecretary of state, described Hoover as "a malign influence". Robert McNamara at the Pentagon told LBJ he was "a menace" and should be fired.

But he never was, by none of the eight presidents, from Coolidge to Nixon, that he served. He was given a state funeral, with a eulogy by Nixon, and the monolithic FBI building on Pennsylvania Avenue, proudly bears his name. Summers would have him confined to a metaphorical pauper's grave and he makes a good, if sometimes too conspiratorial, case for so doing. At least he never became president, though, incredibly, the suggestion was put to him that he should run by a Kennedy – father Joe no less. It certainly makes you think.

Stage set for Antwerp

Antony Thorncroft finds the new Cultural Capital of Europe looking a treat

SO THE baton – some might say the poisoned chalice – is passed on. In the High Renaissance Town Hall of Antwerp on March 26 Madrid hands over to the Flanders city the sobriquet "Cultural Capital of Europe".

Antwerp must make of it what it can. Some cultural capitals, (Berlin, Glasgow) are credited with using the arts to strengthen the long term prosperity of the city; others (Dublin, Madrid) are reckoned to have muffed their chances. Antwerp, city of Rubens, Van Dyck and Jordaens, a cocky, attractive, regional metropolis, is taking its responsibility to culture seriously.

The opening weekend says it all. The centrepiece production in the beautifully restored Bourla Theatre is not some European classic by Shakespeare, Molière or Schiller, but a new play about Sarajevo, "a lament for a city" by the Bosnian director Haris Pasovic.

The mayor of Antwerp was not too pleased with the choice but the director of Antwerp 93, Eric Antonis, has firm views on the need for the arts to provoke society. He is not seeking large audiences for the 700 odd events in the Festival. He just wants to make sure that the audience is challenged. "The arts are the research department for society. After 1993 I want the people to agree that the arts have a place".

Not that the opening weekend is didactic. To satisfy the popular appetite for high culture a major show of the work of Jacob Jordaens, a earthy contemporary of Rubens, is guaranteed to pack them in; there are classical concerts in the churches; and the streets, to say nothing of the 2,000 bars, will be heaving with wandering bands, embracing thousands of musicians. The Antwerp poet Paul Van Ostayen wrote a poem in 1928 entitled "The Occupied City" and this will be writ large, literally, over a city besieged by the arts, mostly al fresco.

There are two nicely contrasted strands to Antwerp 93. One looks outward, exploiting Antwerp's position as the second port of Europe, a city which has always been open to new ideas – and new conquerors. So there is a wealth of foreign arts ventures. Not big name orchestras, nor national opera companies, nor famous dance troupes, but projects like the Ark, a converted barge which will be home and performance space to artists from 14 cities in the grip of change like Los Angeles, St Petersburg and Marseilles. A young director from each has been invited to bring over a team to devise shows that convey the flavour of their current cultural life.

In the same creative turmoil Antwerp is commissioning four new operas, pulling in contributions from composers, lyricists, designers, etc, who have never worked together before. It is also planning to publish the work of 100 selected European writers, in many languages, converting intellectual workshops into a permanent record, an expensive post-modernist folly. It is commissioning 10 new sculptures for one of the city's parks. This is all avant-garde stuff, but Antonis is keen to make things which "would not be done by others if we didn't do it". This extends to early music: Flanders enjoyed an intellectual peak around 1500, and polyphonic music features boldly in the programme.

Of course the paymasters at city, region, and national level are worried that Antwerp 93 might seem elitist. So Antonis is equally concerned to bring it all down to street level, to make the festival's slogan, Open City, mean something. "The city will be the stage". In and around a Berber tent erected near the city centre there will be an opera with animals; there will be giant screens showing movies; a children's village will be erected. While committed intellectuals will pack the small venues the public will have the arts, or at least an experience, brought to them in the streets.

This is the surface. Hidden beneath all this festival razzmatazz Antonis has been bold – and raised some eyebrows, and concern. He is not co-operating with the established cultural institutions in the city, the directors of the opera house, the celebrated Flanders dance company, the art gallery. They will be active anyway. He has upset the local politicians by extending the Open City concept to cover Antwerp's architecture, including modern developments. Architects will be encouraged to look hard and their findings will be published. This could arouse controversy.

Antonis has brought together a team of outsiders, free from local influence and traditional loyalties. His resources have gone towards new initiatives. In the same way no new arts buildings have been constructed to act as a lasting memorial for Antwerp 93. Instead the existing city has been given a complete overhaul. More money, around £60m, has gone into this refurbishment than the £19m invested in the arts programme. The cathedral is free of scaffolding for the first time in 60 years. Antwerp looks a treat.

It is unprecedented for a European City of Culture to be so removed from political influence; to be handed over to an arts professional to do with it what he will. Antonis, whose background is in running arts centres and theatre companies, is quite happy for visitors to pour into Antwerp, and around 3m are expected. But his first aim is to create a high quality project which adds something to the arts and cultural life of Antwerp, Flanders, Belgium and Europe. The project is its own reward. If it has spin offs, they are likely to be in the continuation of the festival of contemporary opera, in the unusual initiative of a festival of music for the under-eights.

It is refreshing with such a big and costly arts venture to hear the old certainties re-stated. "We want to change minds. We are anti-commercial. If the situation in the city improves as a consequence of Antwerp 93 that is fine, but it is not our starting point." The freedom of the artist to challenge society is obviously alive and well in Antwerp.

Making sure the audience is challenged: controversial festival director Eric Antonis

City overflowing with art

Patricia Morison gets to know Rubens and his compatriots better

THERE are sadly limited folk for whom true beauty exists only in the piazzas of cities beyond the Alps. But if your senses respond to the north, then Antwerp is without question one of the most beautiful cities of northern Europe.

This great maritime city on the Scheldt has its sombre side, its rotting Renaissance façades and defaced Baroque Calvaries. Nonetheless, to my mind Victor Hugo's judgment is spot on; "The city is delightful: paintings in the churches, sculpture adorning the houses, Rubens in the chapels ... the city is literally overflowing with art."

In Hugo's day, Antwerp's dozen or so museums did not exist. Nor, of course, did the city's newly restored Central Station and any number of extraordinary late-19th and early 20th-century architectural extravaganzas. Now there is Antwerp 93, and a notable group of exhibitions which will ensure that the art-lover will indeed find this a city overflowing with pleasures.

Perhaps the key fact of Antwerp's history is that as capital of the Spanish Netherlands, it was held for Catholicism. Any visit should therefore start at Onze Lieve Vrouwe, the largest Gothic cathedral in the Low Countries. It has been under restoration for decades, but Antwerp 93 speeded the programme up.

The entire interior is again visible, with Rubens's three wonderful altarpieces, cleaned and conserved, displayed at the east end. From May 26 to October 3, the cathedral has an exhibition, *Antwerp Altarpieces*, the type of 15th- and 16th-century pieces shipped out in staggering quantities for churches from England to South America.

Any civilised visit to Antwerp must be partly about getting to know Rubens better. An unusual exhibition at the Rubenshuis will shed light on the running of the many highly successful artists' "factories" of the day. *Rubens Cantoor* (which means "workroom") shows 80 copies of drawings by Rubens loaned from Copenhagen. Most were made by Willem Panneels, who was put in charge of the studio between 1628 and 1630 while the master was in England and Spain (May 15 to June 27).

So intimate is the view of the artist conveyed by the famous Rubenshuis that you will surely want to round things off with a visit to the Rockoxhuis, the sumptuous Renaissance mansion which was home to Burgomaster Nicolaas Rockox, Rubens's friend and patron. And of course, a pilgrimage is required to St Jacobskerk.Above the wonderfully elegant tomb of the lord of Steen is his last masterpiece, *The Madonna with Saints*.

Jacob Jordaens at the Museum of Fine Arts (27 March-27 June 27) is the flagship exhibition of Antwerpen 93, celebrating 400 years since the artist's birth. When gout carried Rubens off in 1640, Jordaens immediately put up his prices. Over the next four decades of this artist's long career, the Jordaens studio continued to be hugely successful even though its master's talent declined as Rubens's never had. This should be the year and the show to reevaluate Jordaens's achievement.

Jacob Jordaens' self portrait: he put his prices up when Rubens died

Antwerp: Story of a Metropolis at the Hessenhuis is a major exhibition mounted by historian Jan van Stock to examine the image and the reality of Antwerp's two first Golden Ages, in the 16th century and again in the early 17th century. Pride of the city throughout that period was the famous printing dynasty of the Plantins. It is not only bibliophiles who find the Museum Plantin-Moretus a place of rare fascination. So long as you are prepared to peer, books, prints, letters and bills bring the political and intellectual world of these centuries vividly to life.

Here, too, are portraits by Rubens, an intimate friend of the great Balthasar Moretus. The Plantin-Moretus marks Antwerpen 93 by looking at the scientific side of the humanist culture so important to Rubens and his circle. *Botany in the Southern Netherlands* (13 March-June 13) commemmorates the studies of the three great Flemish botanists, Dodoens, Clusius and Lobelius, whose illustrated treatises were all published by the Moretus presses.

Although its role in the Festival programme is small, the Museum Mayer van den Bergh cannot be missed, for it is one of the most remarkable 19th-century museums in the world. Mayer Van den Bergh was a wealthy connoisseur and art-collector. He never married – the story goes that he was always looking for a girl with the face of a late-Gothic Virgin Mary.

Van den Bergh died in his early thirties. In 1904, his mother built the exquisite neo-Renaissance mansion with its intimate rooms. Original cases still house manuscripts, Byzantine and early medieval ivories, 12th-century sculpture, coins and a fine collection of Netherlandish and Flemish paintings. Few art-lovers realise that Breughel's chilling "Dulle Griet" is hidden away in the Mayer van den Bergh with his "Twelve Proverbs", two of only seven of the artist's works remaining in Belgium.

Diamonds enter the festival in *Diamond Jewellery from Antwerp's Golden Age* (April 23-September 26). At the city's distinguished Ethnographic Museum, there will be The Face of *the Spirits: Masks from Zaire* (September 19-December 31). The contemporary art programme has not been finalised but summer will see openings at the Middelheim Open-air Sculpture Museum, the Museum for Fine Arts, and the Museum of Contemporary Art.

A marvellous guide-book for exploring Antwerp is Derek Blyth's *Flemish Cities Explored* (Bodley Head, 1990). It would be nice if in Antwerp's great year of culture, every one of the chapels, mansions and gardens therein recommended might indeed be accessible.

Further festival information from Antwerpen 93, Grote Markt 29, b/2000 Antwerp 1: (010-323-234-1188.)

Off the Wall

Power moves to Town and Country

THE Town and Country is everyone's favourite London rock venue. Upstairs there are half hearted delusions towards grandeur; downstairs is a snake pit but with enough space at the back for voyeurs to watch the crazies pogo into delirium while carefully avoiding a slippage on the slurped lager. Best of all are the acts, a random mix of the up-and-coming playing their first big concert and the "whatever happened to"s re-emerging from obscurity.

So when news came that the T & C was to close on March 24 there was an popular outcry. Now that the Kentish Town venue has been saved there is muffled bemusement. The T & C is a listed building, but the landlords, the Murphy roadbuilding family and the heart of London's so-called Murphia, seemed determined to get rid of the successful tenant of seven years, and fellow Irishman, Mick Whelan.

The new tenant is Vince Power, also Irish and now boss of a chain of London music venues, embracing the Mean Fiddler, Jazz Café, Subterrania, and the Grand. He will re-open the T & C as the Forum in late April with much the same programme policy.

So what has all the fuss been about? Power expresses amazement. "There was a problem between tenant and landlord and the landlord wanted a new tenant. Music fans should be rejoicing. We give cooler beer and hotter music in a better atmosphere."

Certainly Power has a successful track record. The Jazz Café, also rescued from threatened closure, is now packed; the Grand in Clapham has overcome licensing problems and opens on March 24; and in July he enters the tricky area of outdoor festivals, at Long Marsden airfield near Stratford on Avon.

*

One of Christie's best sniffer-outs of considerable trifles, Simon Dickinson, has left to work as a dealer in Old Masters. It was Dickinson who identified Titian's "Venus and Adonis", which the Getty bought for £7.5m, and his unerring nose for a masterpiece hidden behind grime and over-painting will be much missed in the auction house.

A rich overseas backer obviously thinks that Old Masters will be the Impressionists of the 1990s and is providing the millions to back Dickinson, with partner David Ker. The firm will operate from premises in 58 Jermyn Street but will be low profile and mainly deal with private clients, both as buyers and sellers.

Antony Thorncroft

Muddle over Matisse

THE HIGHLY acclaimed exhibition *Matisse 1904-17*, which was scheduled to run at the Pompidou Arts Centre in Paris until June 21, could be suddenly curtailed following legal action by an 89-year-old Russian heiress.

Irina Shchukin has started proceedings to confiscate the catalogue of the exhibition and have 25 of the 130 paintings on show removed. The works were nationalised in 1918 with a decree signed by Lenin and were the property of Irina Shchukin's father, Serguei Shchukin, who had commissioned the paintings from Matisse for his Moscow home. The paintings, on loan from the Pushkin Museum in Moscow and The Hermitage in St Petersburg, include masterpieces such as the second version of "La Danse" of 1910, and "La Conversation".

Two court cases claiming reproduction rights and ownership were brought by Irina Shchukin just two days after the exhibition opened on February 24. A Paris court yesterday rejected the first case, in which lawyers pleaded the heiress's right to control reproductions of the paintings bought by her father before 1910. Legislation was passed in France that year distinguishing between ownership of art and possession of reproduction rights.

Trickier by far, however, is the case brought over Irina Shchukin's actual property rights. Her father received no compensation from the Bolshevik government. The Paris court must consider whether it is competent to act on a decision taken in a foreign country such a long time ago.

Irina Shchukin tried to negotiate with the Russian government and museums to recover the collection before the Matisse exhibition opened. The Pompidou Centre sees her latest moves as a means of pressuring the Russians into a reply. If she obtains satisfaction, she should drop her case. If talks prove difficult, the Russians may withdraw the controversial works before the court makes its ruling and possibly orders their confiscation on May 12.

"That would be a catastrophe because the Russian works are an integral part of the exhibition. We would have to close. The affair could also dissuade Russian museums from ever loaning works again - the descendants of the big collectors all live in Europe and the US," Marian Julien, the administrator general of the centre, said. Russian authorities would in turn lose out on services from western firms and museums, such as the sponsorship the French petrol company Elf is providing for a Matisse exhibition in Moscow. "I understand the family wanting to retrieve possessions. But paintings are not like a yacht or a building – they're part of the world's cultural heritage."

Nicholas Powell

Video/**Nigel Andrews**

March of tasty extremes

CAN IT be that the video business is at last waking up to its own possibilities? Over recent months, we have seen ever more appetising extras packaged in with pre-recorded movie cassettes. Not just those trailers for other features that precede films-on-tape and that resemble a trayful of irrelevant canapés before the main meal. (Thank you, we do *not* want to see five minutes of speeding bulletins about the new Schwarzenegger, Stallone or Bruce Willis before settling down to *Driving Miss Daisy*).

No, I refer to what in a study course would be called "supplementary literature". This includes mini-documentaries about the making of the film you have bought or rented, such as are incorporated in the videos of *Fatal Attraction* (CIC) and *Hellraiser* (Video Collection); original trailers of historic films, as in Warner's new "Special Collectors' Editions" of *The Searchers*, *Ben-Hur*, *Doctor Zhivago* and *The Alamo*; and even boxed sets of a director's work which include a book of his latest prose fiction. This last startling package is available to Pedro Almodovar fans from Tartan Video.

As with the invention of databanks or TV information channels, now that these ancillary attractions are on offer we wonder how we ever tolerated video life without them. I have long maintained that the big screen is where you should first see a feature film – shame on all you couch potatoes who act otherwise – and the small screen is where you should re-enjoy or re-study it. For that second experience, the more documentation and study aids that arrive with the video the better.

Of course video is not all higher educative ground. Much of it is muck and mire, and what month would be complete without such wares as are offered this March? *Delta Force 2* and *Delta Force 3* (Chuck Norris saves the world from another brace of apocalypses); *Maniac Cop 3* (friendly neighbourhood patrolman plus machete); *Critters 4* (animated hairballs in space); and my personal barrel-scraping favourite, *The Finest Hour* (20: 20). This never-theatrically-released movie, which has Rob Lowe enlisting in Operation Desert Storm and singlehandedly defeating Sadam Hussein, qualifies as the mother of all zero-IQ action adventures.

Thus stretching its dynamic range to encompass both the sublime and the ridiculous, video may be at last be an acquiring an interesting identity: just as network television's range has spread over the decades so that it now offers everything from Alpha to Omega, from *Open University* to *Neighbours*.

For those not yet used to such tasty extremes, the middle-ground video market continues apace and is about to have a good month. The following films are accompanied by no "mini-documentaries about the making of," no historic trailers, no accompanying paperbacks. Nor do they have the *Critters/Delta Force* cachet of being harum-scarum potboilers hitherto deemed unfit for human release.

But here are the March movies you might buy or hire for simple, uncluttered pleasure. *Housesitter* (CIC), bright Steve Martin/Goldie Hawn romp about the horrors of owner-occupation; *1492* (Guild), Ridley Scott's visually gleaming Columbus epic; *White Men Can't Jump* (Fox), sex, race 'n' basketball comedy from Ron "Bull Durham" Shelton; *The Crying Game* (Polygram) – be your own Oscar judge before the Oscars; *Celine And Julie Go Boating* (Connoisseur), hypnotic French fable in which director Jacques Rivette goes Lewis Carrolling; *La Belle Noiseuse* (Artificial Eye), second Rivette masterwork with artist Michel Piccoli struggling with nude muse Emmanuelle Beart; *The Rapture*, antic Armageddon allegory from Michael 'The Player' Tolkin.

Oh, and one other. *Strictly Ballroom* (Guild), the strictly hilarious, strictly wonderful dancing epic from Australia that crept into nearly everyone's Ten Best of last year and even into one colleague's Ten Best Of All Time.

Radio/**B.A. Young**

Passing fame

FAMOUS for Fifteen Minutes, that began on Radio 4 on Thursday, is typical of Radio 4, where folk of transient fame are constantly held up for us to wonder at. The point in this series is that the fame has worn out. Mark Lester, the first exhibit, was the universally-loved Oliver in the film of *Oliver!* in 1968, when he was eight. In an interview with Jenni Mills, he told how he went on in films for ten years more, until the offers ended. He spent his unexpected money, he says "irrationally", has since done various jobs, is now a trainee osteopath. Next week Jenni Mills talks to Diana Gould, a PE teacher who once flummoxed Mrs Thatcher on a TV programme.

It is like clearing the wardrobe of old coats you thought so smart before they wore out. And there are other coats on other hangers. On Sunday we had *Jack's Last Tape*, an autobiographical tape made casually in his last days by Jack Trevor Story, the successful hack writer – nothing much that he had not told us already, it just had that Story label in it. In Thursday's *Radio Lives* there was the player Jimmy Clitheroe whose 15 minutes are over. Radio 2's *Star Quality* coat on Tuesday, formerly worn by Evelyn Laye, was kept happily wearable by the electronic mothballs that preserved its charm as new.

Soundtrack (Radio 4, Thursday) dealt with fine people who will never make any 15 minutes. *The Bill for Service* dealt quietly with the effect on the police of the stressful events they meet on duty – a prisoner hanged in his cell, the Lockerbie disaster, the Clapham rail crash and so on. There was a plea for some kind of psychiatric debriefing. I thought the arguments important and the police reactions admirable.

Not all drama comes from the BBC. On Sunday, Clyde 2 in Glasgow gave *A Case of Legionary's Disease*, by Ewart Hutton, a police tale with a plot as complex as a tartan. Gordon, a known crook, is given a new identity by the police, so that he can lead them to the Miami Mafia folk who have $100,000 for him to launder. They also lend him Morag, a woman police escort.

In a quiet country place, they see a skull, said to be a Roman legionary's, with a little hole in it and a used pistol round inside. Why was the skull not smashed when this was fired into it? Because the skull's owner had been no Roman, a former German, now Scots, explains. He was the pilot of a German bomber that crashed near-by; he had baled out but been shot. The Miami Mafia get an occasional look while the skull problem is examined, and then they are shopped by Morag, by now pretty fond of Gordon. She was nicely played by Louise Beattie, Gordon by John Bett, and Finlay Welsh directed. Good fun.

LBC's *Images for the End of the Century* (Wednesday, Thursday and Friday, 10 minutes each), by Damien Chalaud, was different. In a suite of recorded chat, documentary extracts and archival recordings, it tries to map the 20th century. But the instant images were not sharp enough; all we had was a pincushion of events that did not relate to one another.

Curiously, what I have enjoyed most in Radio 3's 20s season is the Hindemith *Composer of the Week*. It is not for me to analyse it, but I find much of it lively and as individual in its way as Mozart – good material for Classic FM. The Aldous Huxley stories I heard were good magazine stories, no more. Of course there were good magazines then, where informed stories about the arts might be expected. On Saturday, Richard Mayne's *Dancing on a Tightrope*, an account of Cocteau, spread widely over the 1920s, taking in Stravinsky, Les Six, Picasso, even Genet. He may have been considered as much a showman as an artist in his day; but the plays and films remain as much part of our time as of his.

Mr A's Amazing Maze Plays

SOME ARTS are live arts, and in recent decades a few creative artists have taken that liveness to new extremes. Back in 1953, Merce Cunningham made an audience draw cards from a pack to determine the order in which the sections of his new work, *Dime a Dance*, would be performed. In 1980, Alan Aycbourn began experimenting with a similar method – giving variable middle scenes to his 1980 *Sisterly Feelings*; and later providing 16 different potential endings to *Intimate Exchange*.

Now, in the second part of Ayckbourn's *Mr A's Amazing Maze Plays*, the audience votes for which route little Suzy and her dog Neville take through the vast and many-roomed house of the sinister Mr Acousticus. Down the passage or into the music-room? Down into the garden or up in the lift? You vote; they follow your poll. Later, as they escape, you are asked to help them remember which route they came by: which proves *much* harder. And part of the fun en route is that Mr Acousticus has stolen sound and misplaced it – so that the noises of the house are all topsy-turvy. Rats sound like motorcycles; doors open like sheep baaing; a harp sounds like a drum.

The play, first shown in Scarborough in 1988 but now new to London, is designated by the National Theatre "for children (of 6 upwards) and intelligent adults". Its story shows us Ayckbourn in Roald Dahl vein. The idea that sound can be stolen – even from the birds on the trees (wonderful touch) – and stored and given to the wrong object recalls Dahl's BFG and his bottlefuls of dreams.

Another nice stroke is the way Suzy first hears about the loss of sound. Her sometime pal, the pleasant but exaggerating Mr Passerby, explains to her that he used to be an opera singer until he lost his voice; and that his current voice is nothing like his former one. "Whenever there's an opera on TV or the radio, I always listen, and try and see if I can recognise it." This is Ayckbourn making magically sensible nonsense in the tradition that descends via Dahl from Lewis Carroll.

But does some of it sound a bit too sweet, too cute? Well, some of it is. I, like almost everybody, loved Suzy's huge, silly, restless dog Neville (Adam Godley) – though surely his bark should be louder. But Suzy herself (Judith McSpadden) tended to be rather yuckily Andy-Pandy – and too goody-two-shoes for comfort. Only Neville is characterised with any detail; the rest are one-dimensional.

Two male narrators steer us through the story, and they are part of the reason that Part One plods. Of the two six-year-olds near me, one perked up only in Part Two - by which time the other had gone home. In Part Two, however, you could hear six-year-old gurgles and excitement everywhere. *Mr A's Amazing Maze Plays* means to show kids just how much more lively a live art is than a screen one, but it comes close to underestimating its audience.

Alastair Macaulay

At the Cottesloe; then goes on tour to Poole, Whitley Bay, Dartford, Oxford, Preston and Coventry in April and May

Alastair Muir

Everyone loved Suzy's huge, silly, restless dog Neville (Adam Godley)

Titus deconstructed

Jackie Wullschlager reviews a mind-gripping new work by east German playwright Heiner Müller, directed by Günter Krämer

LIKE SKITTLES, the cultural giants of the former East Germany are tumbling: first it was Manfred Wekworth, director of Brecht's Berliner Ensemble; now even writers who seemed to stand against the regime – Heiner Müller, Christa Wolf – have been implicated as STASI agents. Müller, Germany's foremost living dramatist, is a fascinating case because from the start he refused to reject DDR culture wholesale in favour of capitalism.

But while east Germany has mostly embraced western values with open arms, in the theatre the reverse has happened. Directors trained in the east – Müller, Katharina Thalbach, Matthias Langhoff – are in huge demand in the west. And behind them all, the ghost of Brecht, icon of DDR culture, stalks German stages more insistently than ever. His influence is overwhelming in the two major post-war dramatic traditions: theatre as political-moral debate – classics recast as condition-of-Germany plays have been standard fare since the Wall fell and theatre as pure aestheticism, texts deconstructed, action deliberately distanced from life.

At extremes, the Berlin Volksbühne's rubbish-dump *Lear* typifies the first, Robert Wilson's surreal *Faustus* the second. But the best synthesis of the two traditions I have yet seen is an eye-opening, nerve-bending, mind-gripping new *Titus Andronicus*, reworked by Heiner Müller and directed in Cologne by Günter Krämer, Germany's high priest of high stylisation.

Titus is Shakespeare's first and most grisly tragedy. Corpses litter the stage in minutes, limbs are amputated, tongues cut out, human flesh served to relatives for supper in a revenge war between conquering Romans and vanquished Goths. Müller sees in it the ethnic cleansing, systemised rape and guerilla tactics of the Bosnian conflict and the recent war in Afghanistan.

When the Goths tip black plastic bags of bodies into the pit, they scrawl "Death to the Romans" in elegant graffiti across the stage. Forced to learn the victor's language, terrorists chant "amo amas amat", as they exchange mocking homosexual caresses. Some lines, Müller says in the programme, he heard from Russian soldiers in DDR days. Woven into poetry is an ironic chorus – "William Shakespeare, my name and your name glow in blood". Goths ridicule Roman speeches by repeating them, a second out of time, like discordant madrigals.

Müller calls his play *Anatomy Titus Fall of Rome: A Shakespeare Commentary*; what interests Krämer is its deadly games of alienation and satire. A silent first act is mimed to the war music of Philip Glass's *Akhnaten*; Romans, in white robes, helmets and feathers, ashen faces painted into masks of exaggerated sensuality with fat red lips, eyebrows pink or blue, sockets blackened, bop up and down against a waist-high ramp and pull faces, poke tongues, in the fight to be emperor. It is half Punch and Judy, half eerie, surreal ritual.

In the hunting scene where Lavinia is raped, she runs in and out of a forest of metal rods bathed in silver-green light which descend from the ceiling and jangle as she tries to flee: visual and acoustic symbol of her terror. When her hands are cut off, the negro Aaron, in dark glasses and black gloves, seizes her frilly white parasol, sticks it between his legs and spins handstands. Aestheticised horror, the play of black on white, acrobats jibing at mutilation: in its acute calculation and rhythm, Krämer's stylisation disturbs more than the worst of blood and gore.

It is given emotional as well as topical life by a cast tuned to every nuance of Müller's revision and every swing of Krämer's setting. Gerd Kunath as Titus pits a rigid, heroic propriety against an absurdist commentary on his own folly and idealism: when he cuts off his hand to save his sons and has it returned to him with their heads, he throws the useless limb into the audience with a shrug at once comic and heartbroken. His flexible face and ever-moving body now browbeaten and sagging, now blank with horror, sometimes mad, sometimes murderous, Kunath evokes a desperate warmth and pity.

As Lavinia, Ingrid Andree changes from complacent Roman puppet to passionate distraught heroine, to sacrificial victim danced upon as a prop. She returns to life when she writes, as if the effort comes from the core of her being, the names of her attackers with a stick held between her teeth into the sand: a moment at once of perfect Shakespearean tenderness and Beckett-like sad absurdity, and one of many unforgettable scenes in an extraordinary production.

In rep at the Schauspielhaus, Cologne

French bounty from Susa

IN 324 BC Susa was the scene of what must be the mega-marriage of all time, when 80 of Alexander the Great's generals and 10,000 of his troops tied the knot with a veritable army of Iranian debutantes. Churchgoers may also remember Susa as the city of king Ahasuerus (Xerxes) and his seductive queen Esther. But Susa's place among the grand metropolises of antiquity has recently fared less well than its neighbour Babylon or even Persepolis, Susa's twin capital of the Achaemenid empire brought down by Alexander.

The Royal City of Susa at the Metropolitan Museum of Art in New York should go some way to setting the record straight. A sampling of the finest works of art from the 4,000 years before Alexander paints a rich and varied picture of life and culture in ancient southwest Iran. From a child's model of a hedgehog riding a cart to statues of royalty, lavish jewellery and other paraphernalia of court and temple life this is an engagingly exotic offering which deserves an audience beyond hardened antiquarians. It comes to the US on loan from the Louvre, where the bounty from a century's enthusiastic if not always scientific digging by French archaeologists is housed.

No other collection outside Iran could mount such a show and the Louvre is to be commended for taking the opportunity of a face-life to the galleries of the *antiquités orientales* to allow this material its first sojourn abroad. New York is the sole venue.

Susa the capital of the Achaemenid Persians was the successor to Susa the sometime capital of Elam, Mesopotamia's powerful eastern neighbour and frequent adversary in battle. Most of the exhibition is rightly devoted to this less well known people whose place in the parade of civilisation is rarely done justice in encyclopaedias and school set texts.

The Sumerians invented the first system of writing but who ran a close second? Probably not the Egyptians, but the Elamites. Among the most intriguing objects are the clay tablets from around 3000 BC inscribed in the Proto-Elamite script, accompanied by impressions of cylinder seals which acted as a signature when rolled on the damp clay. The Proto-Elamite code still awaits its Champollion but is assumed to record an early form of Elamite. This strange language, later written in scripts which can be read, is unrelated to any other known tongue.

From the same period are two of the highlights of the exhibition, a pair of small but exquisitely wrought silver figures of an antelope and a seated, clothed bull holding a vase in its outstretched hoofs. ("Animal Farm" studies of animals carrying on like humans were a Proto-Elamite penchant.) No finer examples of the silversmiths' craft at this early date are known from anywhere in the world.

A thousand years earlier Susian potters decorated their wares with inventive and sophisticated animal studies of dogs, snakes, ibexes and birds which have survived their 6,000 years of interment almost unscathed. This corpus is rightly celebrated as one of the apogees of the ancient ceramicist's art – again there is nothing in Mesopotamia or elsewhere at the time to match it.

Lying near the Mesopotamian border, Susa was often at loggerheads with the Sumerians, Babylonians and Assyrians. But the Elamites sometimes gave as good as they got and many of the most famous Mesopotamian monuments were in fact not found in Iraq at all but at Susa, whither they were triumphantly carted off by a 12th century BC Elamite king with a name that sounds like a Cherokee battle-cry – Shutruk-Nahunte. These Susian spoils – the richest cache of Mesopotamian loot ever found – include the famous law code of Hammurabi (the only significant piece not in the show) and sculptures and narrative reliefs set up by Naram-Sin and other Akkadian kings to celebrate their great buildings and battles.

The Met has a tradition of producing splendid catalogues which skilfully meld sound scholarship to coffee-table design and the Susa offering is no exception.

Timothy Potts

The Royal City of Susa ends this Sunday at the Metropolitan Museum of Art, New York)

A bronze lion weight from the Achaemenid period, 6th-4th c. BC

Gifted recitalist

THE AMERICAN mezzo-soprano Florence Quivar has become a familiar figure on the British concert platform – a sterling soloist in front-rank performances of Mahler, the Verdi Requiem and Schoenberg's *Gurrelieder*. Her operatic side is unknown here except via records.

Before Thursday night's concert, so were her gifts as a recitalist. These proved to be prodigious. This event was the fifth in this season's eight-part song series at the Purcell Room (artistic director: Iain Burnside) – an excellent enterprise which seems not to have attracted south of the river the song-recital crowds who have been flocking to the re-opened Wigmore.

Yet to stir a small-ish audience in an unsympathetic auditorium (despite the pot-plants) to heights of enthusiasm is strong testimony to a singer's art. Miss Quivar did this, and filled that auditorium with beautiful sound – full, graciously rounded, evenly delivered (no bumps and gear-changes across a wide compass, no striving for big, rich effects), unfailingly sympathetic in the musical personality that it betokened.

The programme opened with Purcell, which through lateness I missed (why on earth should the hall's general starting time of 8pm have been brought forward by a half-hour for this series?). It continued with Brahms and Mahler's *Wayfaring Lad* songs, the latter particularly successful in demonstrating the singer's ability to conjure moods and images through a smoothly shaped singing line, to characterise music with honesty and seriousness, and to sustain a close partnership with the (highly accomplished) pianist, Armen Guzelimian.

Miss Quivar's French is a degree or two less malleable than her German; her choice of four Fauré songs preceded by the "Air de lettres" and Prayer from Massenet's *Werther* was interesting, and warmly executed, but lacking in half-lights.

The glory of the recital was its closing group of spirituals. The simple dignity of approach and the sense of unforced conviction concealed a knack of bending words, snapping rhythms and colouring tones that was in its way as finely controlled as that of an expert flamenco *cantaor*. Miss Quivar exhilarated me and moved me deeply: I hope to repeat the experience as soon as possible.

Max Loppert

Chess No 964:
1 Rh6 cxb6 2 Rxf6 b5(Kc4 3 Rxc6) 3 Qd4. If 1...Kd6 2 Qe5+ Kxe5 3 Nc4.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Henry's Cat. 7.35 Wiz Bang. 7.50 Litt' Bits. 8.10 Eggs 'n' Baker. 8.35 Tom and Jerry: Greatest Hits. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. Including 12.20 Football: Previewing the weekend's FA Cup sixth-round ties. 1.00 News. 1.05 Racing from Newbury: At 1.10 The Eastleigh Handicap Hurdle. 1.20 Rugby Union: Previewing this afternoon's matches between England and Scotland, and Wales and Ireland. 1.35 Racing: At 1.40 The Berkshire Hurdle. 1.50 Rugby Union. 2.05 Racing: At 2.10 The Rocking Horse Nursery Handicap Chase. 2.20 Rugby Union: Full live coverage of the Five Nations Championship match between England and Scotland at Twickenham, and highlights of Wales and Ireland from Cardiff. 4.40 Final Score. Times may vary.
5.15 News.
5.25 Regional News and Sport.
5.35 That's Showbusiness.
6.05 Noel's House Party.
7.00 Film: Short Circuit. Comedy caper about a military robot which embarks on a series of misadventures after being struck by lightning. Steve Guttenberg stars as the inventor trying to track down his creation before the military get their hands on it. With Ally Sheedy and Fisher Stevens.(1986).
8.35 Birds of a Feather. Sharon and Tracey suffer a cold spell when their central heating breaks down - can neighbour Dorien heat things up? Starring Pauline Quirke and Linda Robson.
9.05 News and Sport; Weather.
9.25 That's Life!
10.05 Match of the Day: The Road to Wembley. Blackburn Rovers v Sheffield United; Ipswich v Arsenal. Highlights from the day's FA Cup sixth-round ties, and goals from the rest of the afternoon's fixtures.
11.15 Film: The FBI Story: Alvin Karpis. Thriller starring Robert Foxworth in the title role as the machine-gun-toting 1930s gangster, with Harris Yulin as FBI boss J Edgar Hoover who vows to catch the deadly criminal. Also starring Eileen Heckart and David Wayne (TVM 1974).
12.55 Weather.
1.00 Close.

BBC2

6.40 Open University.

3.00 A Piece of Paradise. Julian Pettifer visits a valley in Kingcome, Dorset which went under the auctioneer's hammer five years ago.
3.30 Film: Marjorie Morningstar. An innocent 18-year-old girl from the suburbs (Natalie Wood) sets off to find career success and romance in New York - only to become torn by a moral dilemma (1958).
5.35 Late Again.
6.25 Scrutiny. Reporting on the work of the House of Commons Select Committees.
6.55 News and Sport; Weather.
7.10 Sounds of the Seventies. Clips from The Old Grey Whistle Test and In Concert, with performances by singer-songwriters including Carole King, Paul Simon, Joan Armatrading, Neil Young, James Taylor, Randy Newman, Don McLean and Janis Ian.
7.45 Fine Cut. In 1983, investigative writer David Yallop set out on a hunt for one of the world's most wanted men - the professional assassin known as Carlos the Jackal. As his search progressed, Yallop discovered his target was protected by powerful and dangerous interests, including certain Western intelligence agencies.
9.15 Moving Pictures. Radical director Spike Lee gives an exclusive interview about his epic movie which charts the life of Malcolm X, the outspoken black civil rights leader assassinated in 1965. Plus, leading Chinese directors Chen Kaige and Zhang Yimou give their views on the state of Chinese cinema four years after the Tiananmen Square massacre.
10.05 Film: Mo' Better Blues. Denzel Washington stars in director Spike Lee's vibrant portrait of a self-centred jazz trumpeter whose single-minded ambition causes him to leave behind those who care about him (1990).
12.10 Film: The Big Parade. Drama focusing on the hopes and frustrations of four men out of 400 volunteers who enter a training camp for eight months of intensive drilling in the hope of winning a place in China's National Day parade. Directed by Chen Kaige (1986).
1.50 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Speakeasy.

1.00 ITN News; Weather.
1.05 London Today; Weather.
1.10 Movies, Movies, Movies. Steve Priestley reviews Lorenzo's Oil, a true story about a couple's search to find a cure for their dying son, starring Nick Nolte and Susan Sarandon.
1.40 WCW Worldwide Wrestling. Grappling action in the canvas ring.
2.30 Snooker: The British Open. Nick Owen presents the action as the best-of-19 frames final continues.
4.40 ITN News and Results; Weather.
5.00 London Tonight and Sport; Weather.
5.10 Baywatch.
6.00 Blind Date.
7.00 Barrymore.
7.45 Film: Dirty Dozen: The Fatal Mission. Telly Savalas heads the ever-changing group of World War Two misfits as they board the Orient Express to thwart Hitler's plans to set up a Fourth Reich in the Middle East. But before they can take on the Fuhrer, they have to unmask a traitor in their midst. Action adventure, also starring Ernest Borgnine, Erik Estrada, Robert Vaughn and Heather Thomas (TVM 1988).
9.20 Tarrant's 10 Years on TV. Chris Tarrant looks at the way American commercials in the early 1980s used examples of female superiority to deliberately make men look inferior. He also sympathises with the male contestants in the outrageous Japanese game show, Endurance, as they are humiliated in Spain.
9.50 ITN News; Weather.
10.05 London Weather.
10.10 The Big Fight - Live! Nigel Benn v Mauro Galvano. The Dark Destroyer defends his WBC Super-middleweight title against Italy's Mauro Galvano.
11.00 Snooker: The British Open. Nick Owen presents action from the concluding frames of the final at the Assembly Rooms, Derby.
1.00 The Big E.
2.00 Get Stuffed; ITN News Headlines.
2.05 Basketball: NBA Jam Session.
3.05 Get Stuffed; ITN News Headlines.
3.10 New Music.
4.10 Rock Sport.
4.30 BPM.; Night Shift.

CHANNEL4

6.00 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Road Dreams. 12.35 pm Songs and Memories.

1.00 Film: Shopworn Angel. Emotional drama starring James Stewart as a naive Texan soldier who, on the way to the front, falls in love with a Broadway actress (1938).
2.35 Film: The Mortal Storm. Anti-Nazi propaganda drama depicting the destruction of a German/Jewish family after Hitler's rise to power. Starring Frank Morgan, James Stewart and Margaret Sullavan (1940).
4.30 American Gambit. Quirky documentary showing a chess match between world champion Garry Kasparov and a group of New Yorkers.
5.05 Brookside.
6.30 Right to Reply; News.
7.00 A Week in Politics.
8.00 Adventures: The Africa Passion. Following John Heminway's 12,000-mile journey through Africa, where he meets game wardens, missionaries and snake-catchers in an attempt to understand their way of life.
9.00 Porterhouse Blue. David Jason stars in Malcolm Bradbury's four-part adaptation of Tom Sharpe's black comedy novel. Skullion, an ageing Cambridge University porter, tries hard to hold on to the traditions of yesteryear after a new master (Ian Richardson) takes over and announces his plans to bring the college into the 20th century.
10.00 Saturday Zoo. Oscar-winning actor Christopher Walken joins Jonathan Ross for another hour of comedy, music and chat.
11.00 Ready Steady Go! Featuring performances by Liverpudlian legends The Beatles, a young Cilla Black, rhythm 'n' blues rockers The Rolling Stones, and soul singer Marvin Gaye.
11.40 Adult Oprah. Oprah interviews convicted murderers who re-offended when released.
12.30 Film: Agatha. Real-life mystery based on the unexplained events of 1926 when crime novelist Agatha Christie disappeared for 11 days. This fictional account of what might have happened stars Vanessa Redgrave in the title role, with Dustin Hoffman as an American newspaperman determined to find her.(1979).
2.30 The Word.
3.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Movies, Movies, Movies. 1.05 Anglia News. 1.10 Snooker: The British Open. 5.00 Anglia News and Sport

BORDER: 12.30 Movies, Movies, Movies. 1.05 Border News. 1.10 Snooker: The British Open. 5.00 Border News and Weather 5.05 Sport Results.

CENTRAL: 12.30 Movies, Movies, Movies. 1.05 Central News 1.10 Snooker: The British Open. 5.00 Central News 5.05 The Central Match - Goals Extra.

CHANNEL: 12.30 Movies, Movies, Movies. 1.05 Channel Diary. 1.10 WCW Worldwide Wrestling. 1.55 Snooker: The British Open. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN: 12.30 Movies, Movies, Movies. 1.05 Grampian Headlines 1.10 Calptean Planald. 1.40 Speaking Our Language. 2.10 Tomas Tolteach S A Charaidean. 2.15 Police News. 2.20 Snooker: The British Open. 5.00 Grampian Headlines 5.05 Small Talk. 10.05 Grampian Weather.

GRANADA: 12.30 Movies, Movies, Movies. 1.05 Granada News 1.10 Snooker: The British Open. 5.00 Granada News

HTV: 12.30 Movies, Movies, Movies. 1.05 HTV News. 1.10 Snooker: The British Open. 5.00 HTV News and Sport 10.05 HTV Weather.

HTV Wales as HTV except: No variations.

MERIDIAN: 12.30 Movies, Movies, Movies. 1.05 Meridian News. 1.10 WCW Worldwide Wrestling. 1.55 Snooker: The British Open. 5.00 Meridian News. 5.05 Saturday Sport.

SCOTTISH: 12.30 Movies, Movies, Movies. 1.05 Scotland Today. 1.10 Calptean Planald. 1.40 Speaking Our Language. 2.10 Celebrity Squares. 2.40 Snooker: The British Open. 5.00 Scotsport Results. 5.15 Rock Sport. 5.30 The Box. 5.45 Scotland Today 10.05 Scottish Weather.

TYNE TEES: 12.30 Movies, Movies, Movies. 1.05 Tyne Tees News. 1.10 Snooker: The British Open. 5.00 Tyne Tees Saturday

ULSTER: 12.30 Movies, Movies, Movies. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.20 WCW Worldwide Wrestling. 5.00 UTV Live Early Evening News 5.05 Saturday Sport. 10.05 UTV Live Evening News

WESTCOUNTRY: 12.30 Anybody Out There? 1.05 Westcountry Weekend Latest. 1.10 Snooker: The British Open. 5.00 Westcountry Weekend Latest.

YORKSHIRE: 12.30 Movies, Movies, Movies. 1.05 Calendar News. 1.10 Snooker: The British Open. 5.00 Calendar News.

S4C Wales as Channel 4 except:- 7.00 Early Morning. 11.00 Cynhadledd Y Democratiald Rhyddfrydol. 1.00 Gazzetta Football Italia. 2.00 Rygbi. 4.10 Return of the Saints. 6.30 Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.20 Traed Oer. 7.50 I Dir Drygioni. 8.40 Tocyn Tymor. 9.30 Benny Hill.

SUNDAY

BBC1

7.00 Felix the Cat. 7.15 Smoggies. 7.40 Playdays. 8.00 Superbods. 8.15 Breakfast with Frost. 9.15 People on the Way. 10.00 See Hear! 10.30 Japanese Language and People. 11.00 Computing for the Terrified. 11.30 Making Time.

12.00 Advice Shop.
12.30 CountryFile.
12.55 Weather for the Week Ahead; News.
1.00 On the Record. John Patten, education secretary, discusses the government's education reforms.
2.00 EastEnders.
3.00 Match of the Day: The Road to Wembley. Manchester City v Tottenham Hotspur at Maine Road. Desmond Lynam and Alan Hansen introduce live coverage of the FA Cup sixth-round match.
5.00 The Clothes Show. The latest styles from British designers at London Fashion Week.
5.25 Antiques Roadshow. The experts visit the Royal Borough of Kensington and Chelsea.
6.10 News.
6.25 Village Praise.
7.00 Last of the Summer Wine.
7.30 Lovejoy. Ian McShane as the happy-go-lucky antiques dealer finds himself involved in an elaborate plot set up by an old friend (Dinsdale Landen).
8.25 A Year in Provence. Peter and Annie face communication problems when a group of French workmen, affectionately named 'The Magnificent Seven', arrive to repair the house. Comedy-drama, starring John Thaw and Lindsay Duncan.
8.55 One Foot in the Grave.
9.25 News and Weather.
9.40 Mastermind.
10.10 Everyman. Investigating the religious divide threatening to destroy the Hutterite community in Montana, America, which has maintained its traditional lifestyle for more than 400 years.
11.00 Winning. David Hall gets the presses rolling at a recession-hit printers.
11.30 Famously Fluent. Prunella Scales brushes up on her French language skills.
11.35 The Seaside Trains. Enthusiast Mike Arlett and former driver Rodney Scovell recall former Poet Laureate John Betjeman's journey down the old Somerset and Dorset Railway line.
12.05 The Sky at Night.
12.25 Weather.
12.30 Close.

BBC2

6.15 Open University. 9.10 Christopher Crocodile. 9.15 The Animals of Farthing Wood. 9.40 Time Busters. 10.05 Teenage Mutant Hero Turtles. 10.30 Century Falls. 10.55 Blue Peter Omnibus. 11.45 The O Zone. 12.00 Thunderbirds. 12.50 pm The Invaders.

1.40 Tex Avery Triple Bill.
2.00 Around Westminster.
2.30 Millennium: Tribal Wisdom and the Modern World. David Maybury-Lewis discovers how the Navajo recognise their links with the Earth.
3.25 Somebody's Else's War. Following war correspondent Paul Harris on a trip to the former Yugoslavia.
3.55 Ocean Challenge. Julian Pettifer follows the progress of the 10 yachts competing in a round-the-world race.
4.35 Ski Sunday. The Women's World Cup Downhill Championship at Morzine-Avoriaz, France.
5.10 Rugby Special. England v Scotland; Wales v Ireland. Chris Rea introduces highlights from the Five Nations Championship matches.
6.10 The Natural World. The story of a brown hyena's struggle to survive and rear her cubs in the wilds of southern Africa.
7.00 The Money Programme. Peter Wilson-Smith reports on the economic crisis looming in France. The current French Government believes it can become a leading player in the European Community by keeping its currency in line with Germany - but at what cost?
7.40 Norman Tebbit: A Loner in Politics. Lord Tebbit discusses his view of Conservatism in the 1990s.
8.20 Dancing. The final film in the series looks towards the future and visits the Festival of Dance in Los Angeles.
9.20 Did You See?
10.00 Screen Two: Voices in the Garden. Taut romantic drama. Joss Ackland and Anouk Aimee star as an ageing couple whose days of wine and roses are long gone, until the arrival of an attractive young couple puts the spark back into their relationship.
11.30 The Dave Thomas Show.
11.55 Film: The Culpepper Cattle Company. Downbeat Western, starring Gary Grimes (1972).
1.30 Close.

LWT

6.00 GMTV. 8.55 Disney Club. 10.45 Link. 11.00 A Meditation. 12.00 This Sunday. 12.30 pm Crosstalk: London Weather.

1.00 ITN News; Weather.
1.10 Walden. Brian Walden asks Kenneth Clarke, home secretary, whether the government can get on top of crime.
2.00 Matlock.
2.55 Film: Bear Island. A UN scientific expedition in the Arctic are threatened by neo-Nazis when they discover gold bullion in the wreck of a World War Two German submarine. Starring Donald Sutherland (1979).
5.00 Wish You Were Here? Judith Chalmers visits New Orleans to join in the Mardi Gras festivities. Martin Roberts reports on action-packed holidays in Wales.
5.30 Survival. What are the effects on Shetland's rich marine and bird life, now that the oil from the Braer spill has vanished?
6.00 London Tonight and Sport; Weather.
6.20 ITN News; Weather.
6.30 Murder, She Wrote. A surprised Jessica hears news stating she is dead. The bogus report prompts the writer-cum-amateur-sleuth to uncover a complicated tale about a lookalike member of her fan club who got into trouble with the police. Angela Lansbury stars.
7.25 Watching.
7.55 The Darling Buds of May. The Larkins come to the rescue when Brockhurst College is threatened with closure. David Jason stars.
8.55 ITN News; Weather.
9.15 London Weather.
9.20 Agatha Christie's Poirot. A holiday on the south coast turns into an absorbing case for Poirot when an actresses' priceless pearls go missing.
10.20 Hale and Pace.
10.50 The South Bank Show. Examining the dreams and fantasies of French composer Berlioz, and his struggle to get his opera, The Trojans, written and staged. Although by the time of his death he felt he was a failure, he has since been hailed him as one of the most influential composers of all time.
12.20 Encounter.
12.50 Cue the Music.
1.50 Get Stuffed; ITN News Headlines.
1.55 TXT.
2.55 Coach.
3.25 Get Stuffed; ITN News Headlines.
3.30 Snooker.

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Flipper. 10.15 The Lone Ranger. 10.45 Land of the Giants. 11.45 Little House on the Prairie.

12.45 The Dream Ticket. Following six of the 50,000 people who, on April 23 1991, claimed free seats on British Airways flights.
1.45 Film: How Green Was My Valley. Oscar-winning portrayal of life among Welsh miners, focusing on a family's struggle to cope with the decline in their traditional way of life. Starring Walter Pidgeon and Maureen O'Hara (1941).
3.55 Mine Eyes Have Seen the Glory. Randall Balmer, professor of American religious history at New York's Columbia University, presents three programmes about American evangelism.
4.55 The Orator. Puppetry about the problems of hot air.
5.10 News.
5.15 High Interest: IBM's Big Blues. The high-flying business documentary series examines IBM's fight to improve its fortunes after two years of running at a loss. Can the computer firm return to its previous role as a major player in the world market?
6.00 Moviewatch.
6.30 The Wonder Years.
7.00 Fragile Earth. Increased industrialisation and intensive agriculture along the banks of Russia's River Volga is slowly killing the sturgeon - the fish which produces caviar. Lydia MichLaova warns of the threat to both the human and the animal kingdoms if this situation is not rectified.
8.00 Opinions: Britain 1993. Yale professor Linda Colley talks about citizenship in the UK and calls for a bill of citizens' rights.
8.30 Benny Hill.
9.00 Lipstick on Your Collar. The third of Dennis Potter's six-part musical drama set in the 1950s. Hopper (Ewan McGregor) is anxious to stay in the Army, while Francis (Giles Thomas) is busy falling in love with Sylvia.
10.10 Film: Steaming. Joseph Losey's final film stars Diana Dors in her last screen role as the manageress of a Turkish bath in London who entertains a regular female clientele (1984).
11.55 Film: Ta Dona. An engineer is sent to an African village to help the inhabitants stop forest fires. Poetic tale, directed by Adama Drabo (1991).(English subtitles).
1.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Food Guide. 12.55 Anglia News. 2.00 Wrestling. 5.00 Survival. 5.30 Bullseye. 6.00 Anglia News on Sunday 9.15 Regional Weather.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.00 WCW Worldwide Wrestling. 2.55 Coach. 3.25 A Boy Named Charlie Brown. (1969) 5.00 Survival. 5.30 Highway to Heaven. 6.15 Central News

CHANNEL: 12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 2.00 Highway to Heaven. 2.55 The Sting II. (1983) 4.45 Survival. 5.15 Bullseye. 5.45 An Invitation to Remember. 6.15 Channel News.

GRAMPIAN: 10.45 Small Talk. 11.00 Sunday Service. 11.45 Link. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 2.00 Curling. 3.00 That's Debatable. 4.00 Wish You Were Here? 4.30 Bullseye. 5.00 Scotsport. 6.00 Grampian Headlines 6.05 Eikon. 9.55 Grampian Weather.

GRANADA: 12.25 What the MPs Say. 12.55 Granada News 2.00 Granada Action. 2.30 Great Expectations. (1974) 4.45 Bullseye. 5.15 Coronation Street. 6.15 Granada News

HTV: 12.25 HTV News. 12.30 HTV Newsweek. 2.00 Superstars of Wrestling. 2.50 The Battle of the Bulge. (1965) 5.45 Survival. 6.15 HTV News.

HTV Wales as HTV except: 12.30 Playback.

MERIDIAN: 12.30 Meridian This Week. 12.50 Meridian News. 2.00 Highway to Heaven. 2.55 The Sting II. (1983) 4.45 Survival. 5.15 Bullseye. 5.45 Loud and Clear. 6.15 Meridian News.

SCOTTISH: 10.45 Wemyss Bay 902101. 11.30 Link. 11.45 Sunday Service. 12.30 Encounter. 12.55 Scotland Today 2.00 Scottish Questions. 2.30 That's Debatable. 3.30 Ice Hockey. 4.00 Baywatch. 5.00 Scotsport. 6.00 Scotland Today 6.05 Eikon. 9.15 Scottish Weather.

TYNE TEES: 12.25 The Littlest Hobo. 12.50 Tyne Tees News. 2.00 The Magical World of Disney. 2.55 Brief Encounter. (1974) 4.50 Dinosaurs. 5.20 Bullseye. 5.50 Back Page. 6.15 Tyne Tees News. 9.15 Local Weather.

ULSTER: 12.25 Gardening Time. 12.55 UTV Live Lunchtime News 2.00 Police Six. 2.05 Bon Voyage. 2.35 Survival. 3.05 Delia. (1984) 4.15 Glenroe. 4.45 Bullseye. 5.15 Coronation Street. 6.10 Witness. 6.15 UTV Live Early Evening News 9.15 UTV Live News

WESTCOUNTRY: 12.30 West Wise. 12.55 Westcountry Weekend Latest. 2.00 Westcountry Update. 2.30 Zorro. 3.00 His Majesty O'Keefe. (1954) 4.45 Movies, Movies, Movies. 5.15 Survival. 5.45 On the Road to the Islands. 6.15 Westcountry Weekend Latest.

YORKSHIRE: 12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 The Magical World of Disney. 2.55 Brief Encounter. (1974) 4.50 Dinosaurs. 5.20 Bullseye. 5.50 Calendar News and Weather 9.15 Local Weather.

RADIO

SATURDAY

BBC RADIO 2

6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Hayes on Saturday. 1.30 For Better or for Worse. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Wired for Sound: The Cliff Richard Story. 5.00 Cinema 2. 5.30 Nick Barraclough's New Country. 6.00 Dave Willets In Concert. 7.00 I've Heard That Song Before. 7.30 Gershwin on Broadway. 9.30 David Jacobs. 10.00 Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Barbara Sturgeon.

BBC RADIO 3

6.35 Open University: Language and the Novel. 6.55 Weather. 7.00 Record Review. 1.00 News. 1.05 Scotland's Music. 3.00 The Koussevitzky Legacy. 4.10 Jazz Record Requests. 4.55 Tristan und Isolde. 10.45 Body Politics. 11.15 Impressions. 12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
8.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 Just a Minute!
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Playhouse.
3.45 My Four Green Fields.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Fourth Column.
6.00 News and Sports Round-Up.
6.25 Week Ending.
6.50 On the Ropes.
7.20 Kaleidoscope.
7.50 Saturday Night Theatre.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 The Open Mind.
10.45 Eva and Adamson Again.
11.00 Richard Baker Compares Notes.
11.30 Lionel Nimrod's Inexplicable World.
12.00 News.
12.30 Close.

BBC RADIO 5

6.00 World Service: World News.
6.30 Mark Curry's Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.05 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 Nightbeat.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:

6.00 News; The World Today. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View; Words of Faith. 8.30 Europe This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary; Play of the Week: In the Native State (part 2). 2.00 Newsdesk; Gods, Guides And Gurus. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News; Inside The Photograph Album. 4.30 Business Review. 4.45 Programmes in German.

SUNDAY

BBC RADIO 2

7.00 Don Maclean. 9.05 John Sachs. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Stars of the Fifties. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Nick Barraclough's New Country. 12.35 Charles Nove. 3.00 Alex Lester.

BBC RADIO 3

6.35 Open University: Education Bulletin. 6.55 Weather. 7.00 Sunday Morning Concert. 9.00 News. 9.05 Brian Kay's Sunday Morning. 12.00 Spirit of the Age. 1.00 News. 1.05 Replay. 1.25 From the Proms 1992. 3.15 Mistry Quartet. 4.45 The Crying of Wind. 5.30 Let Only the Source Be Pure. 6.15 Malcolm Proud. 7.15 BBC Scottish SO in Bonn. 9.15 Sunday Play. 10.15 Haydn and Mozart. 11.00 Music in Our Time. 12.30 News. 12.35 Close.

BBC RADIO 4

6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Margo Boyd.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Classic Serial.
3.30 The Radio Programme.
4.00 Analysis.
4.47 The Wedge Between Us.
5.00 From the Pool to 100 Plus a Fish.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile.
7.00 Nearest and Dearest.
7.30 Bookshelf.
8.00 Punters.
8.30 Goodbye to All That.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 Pak's Britannica.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5

6.00 World Service: Newshour.
6.30 Mark Curry's Weekend Edition.
9.30 The Unopened Casebook of Sherlock Holmes.
10.00 Johnnie Walker.
11.30 Fantasy Football.
12.30 Simon Fanshawe's Sunday Lunch.
1.40 Open Forum.
2.00 Money Talk.
2.30 Sunday Sport.
5.30 They Think It's All Over.
6.00 A Century Remembered.
6.30 Education Matters.
7.00 Sportsdesk.
7.20 Open University.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:

6.00 News; Letter From America. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Classics with Kay. 9.00 News; Business Review. 9.15 Seeing Stars. 9.30 Folk Routes. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk; BBC English. 11.45 News and British Press Review in German. 12.00 News Summary. 12.01 Play of the Week: In The Native State (part two). 1.00 Newshour. 2.00 News Summary. 2.01 It's Your World Phone-ins. 3.00 News. 3.15 International Recital. 4.00 News; News About Britain; BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Folk Routes; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; In Their Element - Fire. 1.45 Mastersingers. 2.00 Newsdesk. 2.30 Composer Of The Month: Ludwig van Beethoven. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 News; The Brain. 4.30 Waveguide. 4.45 Programmes in German.

CHESS

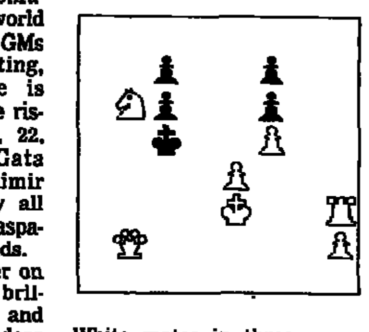
THE chaotic world championship soap opera reaches its next instalment on March 22, when the new Professional Chess Association reveals its bids for the breakaway title match between Gary Kasparov and Nigel Short. Fide, the International Chess Federation, is likely to substitute Anatoly Karpov and Jan Timman for the official championship series.

The strongest ever tournament, now in progress at Linares, Spain, may produce a new name to resolve the confusion in time for the 1995 world championship. All the top GMs except Short are competing, but the critical battle is between Kasparov and the rising stars Vishy Anand, 22, Alexei Shirov, 20, Gata Kammsky, 18, and Vladimir Kramnik, 17. At half-way all were in contention, so Kasparov has a fight on his hands.

Anand, the fastest player on the circuit, can play a brilliancy like a blitz game, and has a fertile range of new ideas shown in this rout of the current world no 3 (V Anand, White; V Ivanchuk, Black; Petroff Defence; Linares 1993).

1 e4 e5 2 Nf3 Nf6 3 d4 Nxe4 4 Bd3 d5 5 Nxe5 Nd7 6 Nxd7 Bxd7 7 0-0 Qh4 8 c4 0-0-0 9 c5 g5 10 Nc3 Bg7 11 g3 Qh3 12 Nxe4 dxe4 13 Bxe4 Bb5 14 Bg2! Qf5 15 Be3! The refutation. Sacrificing the exchange, Anand launches a decisive attack. Bxf1 16 Bxf1 Rhe8 17 Qa4 Kb8 18 Rd1 c6 19 Rd3 Qe4 20 Ra3 a6 21 Bd3 Qg4 22 Rb3 Bxd4 23 Rxb7+! This has been in the air for several moves. Kxb7 24 Qxa6+ Kb8 25 Qb6+ Ka8 26 Qxc6+ Kb8 27 Qb6+ Ka8 28 Bb5! Resigns If Rc8 29 Bc6+ Rxc6 30 Qxc6+ Ka7 31 Qxe8 wins.

Chess No 964



White mates in three moves, against any defence (by J T Breuer, 1979). Black has few resources, but finding White's key is a stiff test.

Solution Page XXII

Leonard Barden

BRIDGE

TODAY'S hand, which comes from a pre-war duplicate pairs contest, was played at all 12 tables in three no-trumps. Eleven declarers went one down. The 12th made an overtrick by this fine play:

	N ♠ A 8 5 3 ♥ 9 6 5 ♦ Q J 6 ♣ K 10 6	
W ♠ Q J 10 9 ♥ K Q 10 ♦ 10 8 4 3 ♣ Q 9		E ♠ 7 6 2 ♥ 8 7 4 3 ♦ K 5 ♣ J 7 5 4
	S ♠ K 4 ♥ A J 2 ♦ A 9 7 2 ♣ A 8 3 2	

With both sides vulnerable, South dealt and opened the bidding with one no-trump. North's raise to three no-trumps concluded the auction.

West led the spade queen, East played the two and declarer ducked. West switched to the heart king and South ducked again.

West now played the spade knave, taken by the king, and the declarer led the two of clubs.

When West played the nine, South thought he probably held the knave or queen, now unguarded. There were six tricks for the taking, but the minor suits must be developed without letting East into the lead, for a heart return by him would be damaging.

Winning the club with dummy's king, the declarer led the diamond queen, covered by king and ace.

The club three ran to the queen, dummy unblocking the 10, and the spade 10 was taken by the ace, South discarding the seven of diamonds. Then the eight of clubs was finessed.

Now the club ace squeezed West in three suits. If he throws a heart or a spade, all is simple. But West threw a diamond, so South led his nine of diamonds to the knave.

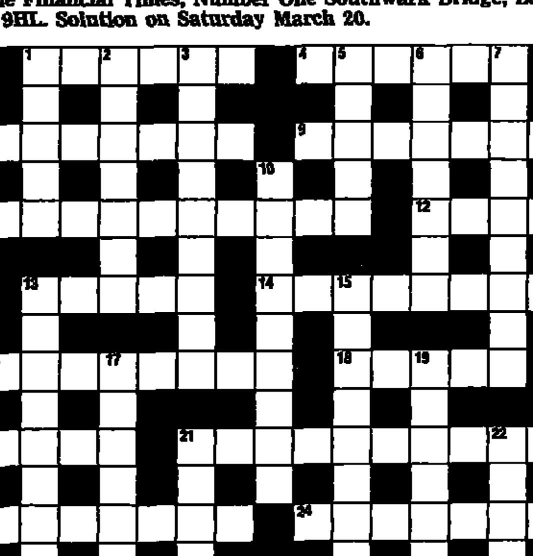
Now the diamond six squeezes West again, and the declarer makes 10 tricks. Superb. They don't play them any better today.

E.P.C. Cotter

CROSSWORD

No. 8,094 Set by ADAMANT

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday March 17, marked Crossword 8,094 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 20.



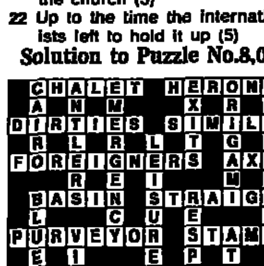
Name..

Address..

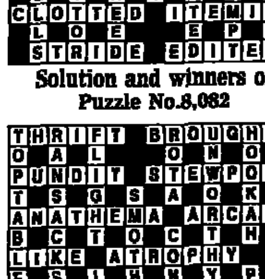
ACROSS
1 Support the idea of a quintet inside with the quartet outside (6)
4 Amorous heart holding it all back (6)
8 Downfall of a rotter in a lawsuit (7)
9 Stupid movement about river break up (7)
11 Nine trails amalgamated into permanent way (5,5)
12 Successor to one in the girl's entourage (4)
13 You and I sat around, showing signs of heat (5)
14 Cricketer yearns to be a spinner (4,4)
16 Pleased I could make it to the stars! (8)
18 Industrial action isn't Ireland's first problem (3-2)
20 To such an extent at University course (4)
21 Nightly sound (10)
23 He will deliver even with stamp on crooked (7)
24 Italy for example can provide conditions of parity (7)
25 Cleaner name for "The Red Flag"? (6)
26 Ring for what is left on the bill of fare (6)

DOWN
1 Just accepted a student with talent (5)
2 It could make you immune to otherwise nice short vacation (7)
3 Straight undid the packaging round the instrument (9)
5 Rinse away the guide lines (5)
6 The central heating in the store unfortunately causes a fire (7)
7 Goat finds foodstuff at the end of the island (9)
10 Not giving lies it can work out (9)
13 Said to have left the old record inside – very fishy! (9)
15 Upset at losing a fondness for the past (9)
17 Admit to being favourite on American drive (7)
19 Just a sweet little thing (7)
21 The bird managed to get inside the church (5)
22 Up to the time the internationalists left to hold it up (5)

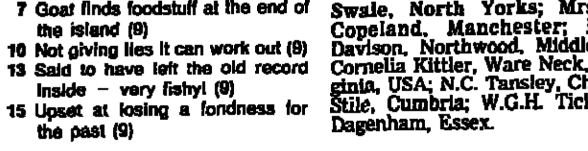
Solution to Puzzle No.8,093



Solution and winners of Puzzle No.8,082



Mrs D. Brooke, Brompton on Swale, North Yorks; Mrs R. Copeland, Manchester; M.C. Davison, Northwood, Middlesex; Cornelia Kittler, Ware Neck, Virginia, USA; N.C. Tansley, Chapel Stile, Cumbria; W.G.H. Tickner, Dagenham, Essex.



So what do you mean, Mr Major?

***Dominic Lawson** wonders if the prime minister is suffering from a serious case of inarticulateness*

J. ALFRED Prufrock, T.S. Eliot's most poignant evocation of self-loathing mediocrity, had a characteristically plaintive refrain: "That is not what I meant at all. That is not it, at all." I am beginning to think that Eliot had a figure very like John Major in mind. The man seems to have developed a worrying tendency to say something publicly on one day and spend the next commissioning his office to say: "That is not what the prime minister meant at all. That is not it at all."

A month ago, at the Carlton club in London, the prime minister appeared – in a speech pre-sold as "visionary" – to endorse the idea of a scheme called workfare for the unemployed. "I increasingly wonder," said Major, reading from a prepared text, "whether paying unemployment benefit, without offering or requiring any activity in return, serves the unemployed people or society well."

Major's words seemed clearly to imply that the government was considering ending the system under which, to receive unemployment benefit, you need only to be unemployed and seeking work. So, at least, the newspapers, and the Labour party interpreted the prime minister's remarks. The next day, apparently surprised at this, the spin doctors at No 10 protested that Major had not meant any such thing. It seems he was just "flying a kite," which was hauled in fast.

Two weeks ago, John Major, in an attempt to avoid being outflanked by the Labour party's new hard line against youth crime, said that we " should condemn a little more, and understand a little less." What Major meant to say, I suppose, is that he felt that we should be more censorious and less sympathetic towards criminals. But that is not what he actually said, in a phrase which merely made him seem silly.

Now Major has again – as Ronald Reagan once immortally put it – misspoken himself. On Wednesday, he told the *Independent* newspaper that he did not agree with the 1980s' ethos of allowing manufacturing to look after itself, and giving industry no special assistance. "I don't agree with it. I didn't agree with it in the 1980s. I was a minority view in the 1980s. I am not a minority view now and, anyway, I am in a better position to expound my views."

I do not think it was wilful of the press to interpret this as a not-so-thinly-veiled criticism of the Thatcher administration's attitude to manufacturing industry. In any case, the Thatcherites were duly furious at Major's remarks, not least for their insouciant attitude to collective cabinet responsibility.

Yet again, Downing Street's paid apologisers were sent out to make amends, if *The Times* is to be believed. It reported yesterday: "Baroness Thatcher was reported by close colleagues to be satisfied after the prime minister and his staff spent much of an embarrassing day emphasising that his comments had not been intended as an attack on the former prime minister . . . the conclusion among ministers last night was that Mr Major must have been referring to Lord Lawson, his former boss at the Treasury." Oh, so that's all right, then.

It is interesting to speculate about the reasons for this apparent inability of the prime minister to say exactly what he means. Perhaps it is not an inability at all, but a deliberate ploy: fly a kite and, if the public and the press do not like the colour, you can always say you did not really like it, either. But that suggests a high degree of deviousness, which I do not believe Major has. The more frightening possibility is that he is simply inarticulate. That is a very unusual thing in a prime minister. Thatcher, it is true, was no great orator but she was – and is – highly articulate and almost incapable constitutionally of being misunderstood.

Inarticulateness might not be such a handicap for a politician who wants to remain a back-room boy, a technocrat. Major though, has recently shown signs of wanting also to be a prophet with "a vision." But words fail him. As Prufrock intoned: "I am no prophet – and here's no great matter; I have seen the moment of my greatness flicker, And I have seen the eternal Footman hold my coat, and snicker, And in short, I was afraid."

■ *Dominic Lawson is editor of The Spectator.*

Private View/**Christian Tyler**

An ally's estimate of Britain's worth

Raymond Seitz, US ambassador to Britain, explains his view of the 'special relationship'

WHEN HE was posted back to Britain as US ambassador in 1991, the first professional diplomat ever appointed to the job, Raymond Seitz made two resolutions.

"The first was that I would never use the phrase 'special relationship' and the second was that I would never quote Winston Churchill," he said.

Have you stuck to them? I asked.

"And I have stuck to both of them. I have no objection to 'the special relationship'. I just think it's a little shopworn. It's become a code in some respects to make people teary (tearful). But we're moving into a new phase in a very new world and it kind of obscures what I think are harder realities. It is the hard realities of life and of international affairs that make this relationship unusual, effective, productive, coincident . . ."

Does the expression signify less these days to ordinary citizens?

"Well, I don't know exactly what it refers to. Does it mean that every time we say 'frog' you jump or every time you say 'frog' *we* jump? Do people go to Andrew Lloyd-Webber plays in America? Yes. Do we go to see *Howard's End*, do we give Anthony Hopkins an Oscar? Yes, we do. Do we listen to the same rock and roll? Yeah. Is that the special relationship? Sure, you have Americans – and they don't have to be of British stock – who love to see the Changing of the Guard and who read Christopher Robin to their children." He gestured towards the window of his big office in Grosvenor Square.

Raymond Seitz was back in London after helping smooth the way for John Major's unexpectedly cheerful first encounter with the new US president. But the question at the back of my mind was whether Bill Clinton was merely being polite when he reassured an apprehensive British prime minister that the relationship was "special to me personally and special to the United States and I think will be as long as I am sitting here."

Seitz agreed that the phrase is more a British than an American pre-occupation. He also observed the familiar, self-denigratory flavour of much British press comment in advance of the summit – "as if almost hoping that somehow it wouldn't work."

This week, John Major rounded on what he called the gloomsters. If the special relationship exists, what can a demoralised Britain bring to it? I asked the ambassador what he thought of the present mood of doubt and drift.

"There is a black dog that wanders around Britain worrying about its future," he said, "about its sense of decline, of what it relates to. Is it to an empire, to the Continent, or across the Atlantic?"

The present crisis of morale, he went on, could be explained by the insecurity of living in a post-Cold War world and by the persistence of the UK recession, "a feeling that the dawn never quite comes, that the green shoots don't quite press high enough. I think you can even add what's happened to the Royal Family or the Church of England. And I think what happened in Liverpool [he was referring to the murder of two-year-old James Bulger] acted as a kind of flashpoint, somewhat in the way the coalpit closures did."

There had been much the same gloom in the air in 1979, when Seitz completed the first of three tours of duty in the London embassy. He came back in 1984, as second in command to Charles Price II, bringing two family dogs: Topsy, a Brooklyn pooch which he later described as "smart as hell" and Scarlett, an English labrador, "as thick as two planks."

He found that Margaret Thatcher had instilled new confidence and assertiveness in the country. "One felt that Britain had a firmer grip on its destiny. It's that which seems to have loosened a little."

I suggested that John Major has made little or no impression on Americans. Seitz smoothly sidestepped the invitation to a *faux pas* and talked instead of Thatcher's impact.

It was not the Falklands war which had impressed Americans, he said. "What really crystallised it was not the grand sweep, the Cold War struggle. It was the clarity with which Mrs Thatcher said Yes to the raid on Libya. Her willingness to take tremendous domestic political flak really lifted the American image of Britain."

The ambassador manages to combine cool analysis with a winning lack of pomposity. He is the typical Yale preppy, you would say, a man of Republican tendencies and of no visible eccentricities – unless you count as eccentric the fact that he is twice married, smokes, and keeps a collection of old locks on his office window-sill. "I've been told it's Freudian", he said, smiling.

Seitz is so much admired ("the most capable American in Europe," according to one diplomat) that a campaign developed on both sides of the Atlantic to keep him in London in spite of the change from a Republican to a Democrat Administration. When I asked Seitz this week whether he would be recalled he said he had not been told he was staying, but nor – and here he looked insouciant – that he would be going.

Raymond G.H. Seitz was born in Hawaii at the end of 1940 where his father, later a major-general who took part in the Omaha Beach landing in Normandy, was then stationed. At Yale, he was president of the Delta Kappa Epsilon fraternity, apparently known as "the animal house". His State Department career included Canada, Kenya and Zaire before London, with spells in Washington under Kissinger, Vance, Haigh and Baker. George Bush put him in charge of European and Canadian affairs: he was the leading US official for German unification talks and helped persuade Moscow to accept a united Germany in NATO. Today, he is occupied with Anglo-American policy towards Bosnia.

I asked him whether Britain had anything any more to teach the US – a question to make a diplomat squirm. He hedged a bit, and replied: "Well, I find this a very civil society. One of the things I find most appealing here is the little transactions of everyday life, whether it is buying the newspaper at the newsagents or taking a taxi-cab or bumping into somebody."

What could Britain contribute to the relationship?

Seitz launched fluently into his exposition. The three broad bases, he said, were geography, language and common attitudes and values. "From these deeper things comes a greater likelihood that the US and the UK are going to identify their interests internationally in a roughly similar way.

"If that's the case, what do you bring to the game? The independent nuclear deterrent is the most obvious example." Formerly there existed what might be called a "comfortable balance of terror". Today the danger was nuclear proliferation. This, and the unpredictability of events in the former Soviet Union, could make Britain's bomb strategically as important as before. "So I'm not prepared to draw the conclusion that Britain's nuclear role is anachronistic."

Another asset was the historic exchange of military intelligence and other information, now extending into law enforcement, drugs and terrorism. Third, there was Britain's seat on the Security Council of the UN (a status today being challenged). The UN's new-found authority as world peacekeeper could make Britain's role here more important.

"One final point – and I think this could be a critical one in the world ahead: there will always be a few issues or challenges where the US is prepared to act alone to protect what we regard as our vital national interest. However, I think there will also be a much bigger category of issues where the willingness of the international community or the US to act will depend very much on the degree to which other nations are prepared to act and take risks.

"And when you look around the world, you can count on the fingers of one hand – and that may be an overestimate – those nations which are prepared to act and which have a capability to act, and to act even beyond their own region of interest."

I turned to the question of Britain in Europe and Seitz confirmed that the US attaches the highest importance to Britain's active membership of the EC. But, I asked, do you get the sense that Britain is drifting somewhere in mid-Atlantic and doesn't know where to put the anchor down?

"My impression is Britain does not put as much ideological and emotional weight into the concept of a European union. That kind of rhetoric, those kinds of ideals and goals are very important on the Continent."

What about this British ambivalence?

"I watch the debate every day. If Britain is determined to isolate itself from Europe then the nature of our relationship is of course going to be different."

Are they compatible alliances?

"Oh, I don't think they're mutually exclusive at all. I know there's a zero-sum proposition: the analogue is America's preoccupation with the Pacific. While that zero-sum calculation is analytically attractive, I don't think that's how in fact it works." He would not agree that the Conservative Euro-rebels were necessarily defending the old alliance: they might simply be Gaullist nationalists.

What difference does it make to have Bill Clinton in the White House?

"On the basis of five weeks, it's a little early to make that judgment. But I have not seen anything that would make me revise what I have just said."

You mean the pragmatic underpinnings are strong enough to make the ideological or moral differences relatively unimportant?

"I don't think there *is* a great ideological gulf," Seitz replied.

But in political terms a big change has occurred.

"Yes, it's a big change but its happened before. I mean, you had Margaret Thatcher and Jimmy Carter. In the end it is the degree to which there is this coincidence of strategic interests, whether it's trade issues or Bosnia or Iraq or dealing with the former Soviet Union. My argument is that, uniquely, our interests are going to be far more likely to coincide than not."

Would Labour be less sentimental about the special relationship?

"It's not so partisan. I'm glad to see that the Labour party, perhaps because of the Clinton victory, in many respects is anxious to resume a dialogue with the US."

The relationship would fare much better without excuses or hype, the ambassador said. "If one scrapes away some of the rhetoric we'll be able to deal with this relationship in a much healthier way.

"It's unusual to have to appear to defend the value of all of this. It's wrapped up a bit with your earlier question. There's almost a psychic wish here to say, 'Well, there's another thing that's gone! Well, we blew that one too! Well, we're no longer important or relevant.' It's this return of the hangdog."

Would he prefer to call it something boring like the "reliable relationship".

"No, I prefer to call it a strategic relationship."

But is there any other country with which the US has it?

"Not that I can think of. It's not all harmony, and it shouldn't be because interests will clash from time to time . . . But no, not that I can think of."

The Special Relationship, in other words, is not special, merely unique.

Norman Lamont, we love you

Michael Thompson-Noel

WITH THE UK Budget looming, the time has come to speak the unspeakable: Norman Lamont must *stay*. He has become a national treasure. Our debt to him is bottomless. Crises have not toppled him. Scorn has not unmanned him. He is unbowed by rudery. He just keeps smiling through. We may not rate him as chancellor of the exchequer but as a lightning-rod for our misfortunes he is almost Churchillian.

The penny dropped for me last Monday when the newspapers carried photos of the G7 finance ministers at the end of their London meeting. In the centre of the front row was good old Norman – head thrown back, eyes closed in ecstasy at some G7 joke, teeth scrubbed and twinkling, eyebrows artfully combed, his tie a brilliant blue. I thought: God knows how you do it, Norman, but you are still not unhorsed.

Hawks & Handsaws has more than an idle interest in Norman Lamont, for it was this column, in February 1991, that first suggested that he was heading for the quicksands. In the months that followed, the economy dived deeper and deeper. Norman became a laughing stock. Yet still he stands before us, resolute and insouciant, like a bookmaker at the Derby, confident of laughing last.

It has now become plain that all Britain's troubles should be attributed to the prime minister, not to his chancellor, for John Major has been revealed as fatally cackhanded. Major used to be a Brixton councillor, and so he should have remained. But he entered national politics and was eventually sucked up, in the vacuum around Margaret Thatcher, until he popped out, like a cork from a musty bottle, at the very pinnacle of UK politics.

HAWKS & HANDSAWS

In the meantime, Norman Lamont has taken the flak, shouldered our troubles and acted the rôle of national scapegoat, on whose head we have symbolically placed our multiple sins and woes. The policies were always Major's, yet we heaped our scorn on Norman. He reminds me of Hercules.

One day soon, I hope, someone will do for Norman Lamont what Nicholas Tomalin did for Princess Anne in the *Sunday Times* in November 1973 – deliver him from ridicule. At the time, we were all fed up with Princess Anne. We thought she was a snob, and dim and dull to boot. It was part of Tomalin's genius as a journalist to detect in Princess Anne a quality we had not noticed. He called it her "redeeming nullity." Her irrelevance was her *point*.

She was an innocent and an anachronism, in the best possible sense. "I think it highly unlikely," wrote Tomalin, "that she has ever smoked pot, acted in a happening, signed a petition for the Jackson Five, canvassed for Shelter or Release, frugged, freaked-out, been to Biba, or done any of the other things normal healthy young contemporary girls feel obliged to do."

Britain had lost an empire yet found a rôle – watching Princess Anne on TV while she went bravely over the jumps on her horse, Hyperion. We needed Princess Anne. Almost from that moment, her fortunes soared. As a result, most of us today can gaze upon Princess Anne, now happily remarried, without so much as a retch.

Saving Princess Anne was a bit like saving the whales – something for which posterity will thank and honour us. And if they and she could be saved, we can save Norman Lamont. We must look closely at the chancellor and acknowledge this simple truth: in the days of plague ahead, we will need his cheerfulness and stoicism, his singing in the bath and his bookmaker's laugh, more than ever before.

In summarising his case, Nicholas Tomalin wrote: "One could go on listing reasons for approving of Princess Anne forever. Name any aspect of modern life, and she can satisfy it in some way or other (usually, as I've explained, by having never heard of it). Everyone says that as we strive to accustom ourselves to a new, second-rate rôle in the world, we must concentrate on doing really well the less ambitious things. No more hubristic attempts to build Concordes or rule the world; just small, ingenious, innocent activities . . . These are good because they are within our competence. Princess Anne is something real, good, and suitably unambitious. We should be grateful for her."

Take my word for it: if we love Princess Anne, we shall shortly love the chancellor.